

**PART 2A OF FORM ADV: FIRM BROCHURE**

**MANTLE RIDGE LP**

**March 2024**

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Mantle Ridge LP

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**This brochure (this “Brochure”) provides information about the qualifications and business practices of Mantle Ridge LP (“Mantle Ridge” or the “Advisor”). If you have any questions about the contents of this brochure, please contact our Chief Compliance Officer (“CCO”) at (646) 762-8540. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

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

**Please note that registration as an investment adviser with the SEC does not imply any level of skill, training or ability with respect to the provision of investment advisory services. The oral and written communications of an investment adviser provide you with information through which you determine to hire or retain an investment adviser.**

## **Item 2 - Material Changes**

Mantle Ridge is required to identify and discuss any material changes made to its Brochure since the last annual update. Although Mantle Ridge does not deem the following change as material, this Brochure has been amended to reflect regulatory assets under management as of December 31, 2023.

Clients and prospective clients should review this Brochure carefully and in its entirety.

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#### **Item 4 – Advisory Business**

Mantle Ridge is a Delaware limited partnership formed on June 16, 2016. Mantle Ridge is controlled by its principal owner, Paul Hilal (the “Principal Owner”), who ultimately controls the managing member of Mantle Ridge's general partner, Mantle Ridge GP LLC, a Delaware limited liability company (the “Investment Advisor General Partner”). The Investment Advisor General Partner has ultimate responsibility for the management, the operations and the investment decisions made by the Advisor.

Mantle Ridge provides investment advisory services to private funds (each a “Fund” and collectively, the “Funds”) and may in the future advise separately managed accounts (the “Managed Accounts” and, collectively with the Funds, the “Clients”).

Mantle Ridge provides investment management services to its Clients pursuant to investment guidelines within the relevant organizational documents, limited partnership agreements, investment management agreements, offering memoranda and/or subscription agreements, as the case may be (each an “Offering Document”, and collectively, the “Offering Documents”). Mantle Ridge does not tailor its services to the individual Fund investors or provide investors with the right to specify, restrict, or influence the Funds’ investment objectives or any investment or trading decisions.

As of December 31, 2023, Mantle Ridge’s regulatory assets under management (“RAUM”) were \$4,618,620,000, all managed on a discretionary basis.

## **Item 5 – Fees and Compensation**

The Advisor and its affiliates offer interests in the Funds only to qualified purchasers, as such term is defined in section 2(a)(51)(A) of the Investment Company Act of 1940, and receives a management fee and performance based compensation from Clients. Such compensation arrangements are set forth in the Offering Documents.

As set forth in the Offering Documents, fees and compensation paid to the Advisor or its affiliates by the Funds are generally deducted from the assets of the Funds; management fees are generally deducted on a quarterly basis and performance-based compensation is crystalized and deducted at the times set forth in the Offering Documents, such as annually and when an investor redeems. The Advisor or its affiliates may waive, reduce, or calculate differently the management fees and performance-based compensation for certain investors or Clients, including members, employees and affiliates of the Advisor.

### ***Additional Fees and Expenses***

In addition to the fees and compensation described above, each Client will bear its share of expenses determined to be allocable to such Client on a basis that the Advisor deems to be fair and equitable, as more fully described in the applicable Offering Documents. Where an expense relates to multiple Clients, it will generally be allocated between such Clients *pro rata* based on capital commitments, invested capital, available capital or other metrics as determined by the Advisor in their sole discretion. Any such methodology (including the choice thereof) involves inherent conflicts and will, in certain circumstances, not result in perfect attribution and allocation of expenses. Fees and expenses may, in the discretion of the Advisor, alternately be allocated on a basis that the Advisor deems to be fair and equitable. Such expenses may include, but are not limited to, the legal and other organizational expenses incurred in the formation of the Funds, including all expenses relating to the offer and sale of interests, investment-related expenses (e.g., brokerage commissions, clearing and settlement charges, custodial fees, interest expenses, initial and variation margin, broken deal expenses and other transactional charges, fees or costs, investment-related travel and lodging expenses (which may, on occasion, include travel by way of non-commercial planes at the available charter rate, for employees of the Advisor and third parties, as reasonably necessary in

the Advisor's discretion), consulting, advisory, investment banking, valuation and other professional fees relating to particular investments or contemplated investments, fees and other compensation paid to third parties that provide hedging services (whether charged as fixed fees (such as retainers) and/or performance-based fees and allocations, in the form of cash, options, warrants, stock, stock appreciation rights or otherwise and irrespective of whether such third parties are engaged by the Funds and/or its affiliates in a dedicated or exclusive capacity), research-related expenses, including, without limitation, news and quotation equipment and services, market data services, fees to third-party providers of research and/or portfolio risk management services), legal expenses (including with respect to litigation and threatened litigation, if any, or other governmental or regulatory investigations of the Fund), any expenses associated with regulatory filings made in connection with the Funds' operations and portfolio holdings (e.g., filings with the Securities and Exchange Commission (the "SEC") or the U.S. Federal Trade Commission, including Form PF (but excluding the preparation of Form ADV)), costs relating to communications with investors (including maintenance of the website for the benefit of investors), accounting, audit and tax advice and preparation expenses (including preparation costs of financial statements, tax returns, reports to the Investors and schedule K-1s, if applicable), accounting software, printing and mailing costs, market information systems and computer software and information expenses, fees of pricing services, valuation firms and financial modeling services, the costs and expenses of third-party risk management products and services (including, without limitation, the costs of risk management software or database packages), insurance costs (including, without limitation, directors' and officers' liability or other similar insurance policies, errors and omissions insurance and other similar policies for the benefit of the Funds), filing and registration fees (e.g., blue sky and corporate filing fees and expenses), fees of the administrator, fees of the independent client committee (if applicable), the Management Fee, any extraordinary expenses (including indemnification or litigation expenses and any judgments or settlements paid in connection therewith), all other costs and expenses arising out of the Funds' indemnification obligations, any and all taxes (including entity-level taxes) and governmental fees or other charges payable by or with respect to or levied against the Fund, its investments, or to federal, state or other governmental agencies, domestic or foreign, including real estate, stamp or other transfer taxes and expenses related to complying with (i) Sections 1471 to 1474 of the U.S. Internal Revenue Code of

1986, as amended and any associated legislation, regulations or guidance, including any intergovernmental agreements entered into thereunder, and any other similar legislation, regulations or guidance enacted in any other jurisdiction which seeks to implement similar financial account information reporting and/or withholding tax regimes; (ii) the OECD Standard for Automatic Exchange of Financial Account Information in Tax Matters – the Common Reporting Standard and any associated guidance; (iii) any intergovernmental agreement, treaty, regulation, guidance, standard or other agreement between the Cayman Islands (or any Cayman Islands government body) and any other jurisdiction (including any government bodies in such jurisdiction), entered into in order to comply with, facilitate, supplement or implement the legislation, regulations, guidance or standards described in sub-paragraphs (i) and (ii); and (iv) any legislation, regulations or guidance that give effect to the matters outlined in the preceding sub-paragraphs (“FATCA”), wind-up and liquidation expenses and other similar expenses related to the Fund. For the avoidance of doubt, “similar expenses” refers to any expenses that are similar in type and nature to the expenses described in the previous sentence, and any expenses determined by the Advisor to be primarily related to providing the proper (technological and other) infrastructure for the Advisor in connection with the Funds’ investments and operations; for instance, fees and expenses relating to the installation, servicing and maintenance of, and consulting with respect to, information technology items that primarily serve the Advisor’s investment and accounting professionals in connection with the Funds’ investments. As another example, Directive 2011/16/EU on Alternative Investment Fund Managers (the “AIFMD”) specifies that “similar expenses” borne by the Fund could include expenses relating to the offering and sale of interests in compliance with the AIFMD.

From time to time, the Advisor negotiates success fee arrangements with service providers. Such fees are payable only upon the occurrence of agreed upon events or outcomes, are paid in addition with the other transaction expenses incurred by a Fund’s investment. Service providers receiving such success fees are expected to include, among others, law firms, consulting firms and proxy advisory firms. There can be no assurance that a success fee arrangement will be the lowest-cost option or offer the highest discount to the Funds because other factors or considerations typically prevail over cost. In some circumstances, the Advisor may receive better terms from a success

fee arrangement than from an hourly, fixed-fee or cost-plus arrangement. In other cases, these terms may be worse.

In addition, the Advisor and its personnel from time to time receive certain benefits and perquisites arising or resulting from their activities on behalf of the Funds, which do not reduce management fees and are not otherwise shared with the Funds, investors or the Funds' investments. Such benefits will inure exclusively to the Advisor or its personnel receiving them, even if they are significant or difficult to value and even though the cost of the underlying service is borne as an expense by the relevant Fund. For example, expenses incurred in connection with airline travel or hotel stays typically result in "miles" or "points" or credit in loyalty programs and such benefits are likely to inure exclusively to the Advisor or such personnel even though the cost of the underlying service is borne by the Funds or the Funds' investments. Similarly, the volume of work that service providers receive from the Advisor, which include those from the Funds and the Funds' investments, may result in discounts for such services from which the Advisor will benefit, while the Funds or their investments will not be able to benefit from certain discounts that apply to the Advisor. The potential to receive such discounts could provide an incentive for the Advisor to cause a Fund or an investment to enter into transactions that would not have otherwise been entered into in the absence of these arrangements and benefits.

The Funds and the Advisor have, and may in the future, engage a range of advisors and consultants in preparation of proxy solicitation contests. To provide an additional incentive for such advisors and consultants to help achieve a successful outcome in any such proxy solicitation contest, certain of such advisors and consultants have been, and may be in the future, compensated based on the success of such proxy solicitation contest. Such compensation may exceed (or fall short of) the standard rates charged by such advisors and consultants. Such compensation is an expense of the applicable Fund.

The Funds will bear any costs (including legal costs) associated with proxy solicitation contests, the preparation of any letters with respect to plans and proposals regarding management, ownership and capital structure of a target issuer (and related anti-trust or other regulatory filings) by the Advisor in connection with the Funds' investments, any compensation paid to individuals considered for nomination,



nominated and/or appointed, at the Funds' request, to the board of a target issuer (including any compensation paid in relation to serving in such capacity) and any related expenses (such as proxy solicitors, public relations experts, costs associated with "white papers," lobbying organizations to the extent reasonably determined by the Advisor to be employed in connection with investments or prospective investments of the Fund in the target issuer and public presentations).

All or a portion of any brokerage and research related expenses, whether incurred by the Advisor or the Clients, may be paid for using soft dollars generated by the Clients.

To the extent that expenses to be borne by the Clients are paid by the Advisor, the Clients will reimburse the Advisor for such expenses.

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

The Advisor or its affiliates will receive performance-based compensation deducted from Clients' accounts consistent with fees typical in the industry based on net capital appreciation of the Clients' assets (or other metric as set forth in the Offering Documents). Additional information regarding such compensation arrangements will be set forth in the relevant Offering Documents. The Advisor or its affiliates may waive, reduce, or calculate differently the performance-based compensation for certain investors or Clients, including members, employees and affiliates of the Advisor. As a result, the Advisor and its affiliates may have an incentive to allocate limited investment opportunities to the Clients from whom the greatest performance-based fees may be earned. To the extent that a conflict arises the Advisor has developed an allocation policy that addresses such conflicts of interest.

## **Item 7 – Types of Clients**

The Advisor provides investment advisory services to Clients that are pooled investment vehicles. Investors in the Funds may include high net worth individuals, pension funds and profit sharing plans, trusts, charitable organizations, institutions, endowments, fund of hedge funds, foreign sovereign wealth funds and other entities. Investors in the Funds must meet certain suitability requirements (i.e., “qualified purchaser”), as set forth in the applicable Offering Documents.

The Funds require minimum initial subscriptions from their investors, but may accept lower subscription amounts in the sole discretion of the Advisor.

## **Item 8 – Methods of Analysis, Investment Strategies, Risk of Loss**

### **A. *Methods of Analysis and Investment Strategies***

The Advisor's investment strategy seeks to generate attractive returns by employing concentrated, research-intensive and value-oriented investment strategies with the willingness to use activism or otherwise effect change that increases the value of its investments. The Advisor will generally have a multi-year view of potential value creation of its investments.

In addition to making investments or otherwise gaining exposure to target issuers, the Advisor may employ instruments or vehicles that offer hedged or levered exposure to those issuers.

Additionally, the Advisor may invest in cash equivalents, money market funds, U.S. Treasury bonds and similar instruments, and/or purchase or enter into hedging instruments or derivative instruments and contracts including without limitation swaps, futures, forwards, options and other arrangements.

The Advisor may use leverage for any purpose, without limitation, to finance the purchase of investments and/or its operations and/or in order to make distributions to investors.

Hedging programs may include individual equity securities, swaps, options, other derivatives, exchange traded indices, and/or dynamic custom baskets or indices that are managed directly by Mr. Hilal or third parties.

### **B. *Material, Significant or Unusual Risks Relating to Investment Strategies***

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds advised by the Advisor. These risk factors include only those risks the Advisor believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Advisor. Additional risks and uncertainties not currently known to the Advisor or that the Advisor currently believes to be immaterial may also materially and adversely affect the Advisor's investment strategies and the value of investments in the Funds. Please refer to the Offering Documents for a more complete description of the risk factors applicable to an investment in the Funds.

## *Investment Strategy and Investment Risks*

Risks of Investments Generally – All investments risk the loss of capital. No guarantee or representation is made that any Fund's investment program will be successful. The Funds' investment objective is to create significant capital appreciation, which the Advisor is expected to pursue with respect to certain Funds by investing in (or otherwise being exposed to the value of securities issued by) certain public companies identified by the Advisor, and by seeking to effect positive change to the target companies by influencing such company's organizational priorities, business, operations and/or capital structure. For defensive and other purposes, the Funds may invest in cash equivalents, money market funds, U.S. Treasury bonds and similar instruments, and/or purchase or enter into hedging instruments. The Funds' investment programs may involve, without limitation, risks associated with no diversification and high concentration, leverage, investments in speculative assets and the use of speculative investment strategies and techniques, systems risks and other risks inherent in the Funds' activities. For the avoidance of doubt and utmost transparency, the Advisor may determine to invest only in securities issued by, or instruments the reference asset for which is, a single public company. In addition, the Funds' investments may be materially and adversely affected by conditions in the financial markets and overall economic conditions occurring globally, and in particular markets where the Funds may invest their assets.

The Funds do not intend to attempt to minimize such risks and may not manage risk in the traditional sense.

Potential Loss of Capital – Investors may lose all, or substantially all, of their investment in the Funds. Investments are exposed to the risk of the loss of capital. The prices of such securities or instruments in which the Funds invest may be volatile, and market movements as they relate to such securities or instruments are difficult to predict. No guarantee or representation is made that any Fund's investment strategy will be successful. In addition, the Funds may utilize such investment techniques as securities lending, investments in non-marketable securities, uncovered option transactions, forward transactions, futures and options on futures transactions, and a non-diversified, highly concentrated portfolio, among others, which could under certain circumstances magnify the impact of any adverse market or investment developments.

Highly Concentrated Investment – In pursuit of a Fund's investment strategy, the Advisor may invest nearly all of such Fund's capital in securities issued by, or instruments the reference asset for which is, a single public company. Therefore, a Fund may be much more susceptible to fluctuations in value resulting from adverse economic conditions affecting the performance of such company (for instance, conditions affecting the sector in which such company operates or the geographic area in which its activity is focused) than a less concentrated (and leveraged) portfolio would be. Any such Fund's investment technique may increase the volatility of investment results over time. Additionally, a decline in the value of the securities of such company could have a material adverse impact on such Fund's assets, and, in turn, the value of any investment in such Fund. Since such Fund may invest only in the securities of a single public company, the investment results of such Fund may be more "binary" in nature than most other strategies. Although it may at times choose to do so, the Advisor is under no obligation to hedge such Fund's position to mitigate these risks.

Activist Investor – Activist investment strategies may not be successful and may result in significant costs and expenses. The Advisor is expected to pursue an activist role with respect to certain target companies and may seek to effectuate corporate changes with respect to such companies. The costs in time, resources and capital involved in such investments depend on circumstances, which are only in part within the Advisor's control, and may be significant, particularly if litigation against the Funds and/or the Advisor ensues. In addition, the expenses associated with such investment strategy, including potential litigation or other transactional costs, such as the costs associated with proxy contests, SEC (or similar regulatory authority) filings, audits and inquiries, and the costs (including incentive compensation and potential indemnification costs) of having certain individuals be the nominees for or serve on the boards of directors of target issuers, at the Funds' request, will be borne by the Funds. Such expenses may reduce returns or result in losses.

The Funds may invest in, or may otherwise be exposed to, a single issuer. The success of a Fund's investment strategy with respect to such issuer may require, among other things: (i) that the securities of such issuer prove to be undervalued such that prices can be improved, including through the Advisor's actions; (ii) that such Fund acquire sufficient securities of, or other exposure to, such issuer at a sufficiently attractive

price; (iii) that such Fund avoid, or otherwise manage, triggering anti-takeover and regulatory obstacles while accumulating its position; (iv) that management of such issuer and other security holders respond positively to the Advisor's actions; and (v) that the market price of such issuer's securities increases in response to any actions taken by such issuer. None of the foregoing can be assured to succeed.

Activist strategies employed in respect of the Funds' investments may prove ineffective for a variety of reasons, including: (i) opposition of the management, board and/or shareholders of a target company, which may result in litigation and may erode, rather than increase, shareholder value; (ii) intervention of one or more governmental agencies; (iii) efforts by a target company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) market conditions resulting in material changes in securities prices; (v) the presence of corporate governance mechanisms such as staggered boards, poison pills and classes of shares with increased voting rights; and (vi) the necessity for compliance with applicable securities laws. In addition, opponents of a proposed corporate governance change may seek to involve regulatory agencies in investigating the transaction or the Funds, and such regulatory agencies may independently investigate the participants in a transaction, including the Funds, as to compliance with securities or other law. Furthermore, successful execution of such strategy may depend on the active cooperation of shareholders and others with an interest in the target company. Some shareholders may have interests which diverge significantly from those of the Funds and some of those parties may be indifferent to the proposed changes. Moreover, securities of a company that the Advisor believes are fundamentally underpriced or incorrectly priced may not ultimately be valued in the capital markets at prices and/or within the timeframe the Advisor anticipates, even if such strategy is successfully implemented. Even if the prices for a company's securities increase, no guarantee can be made that there will be sufficient liquidity in the markets to allow the Funds to dispose of all or any of their securities therein or to realize any increase in the price of such securities.

Investment Analysis – When assessing the investment opportunities, the Advisor will rely on resources that may provide limited or incomplete information. In particular, the Advisor will rely on publicly available information and data filed with various government regulators. Although the Advisor expects that it will evaluate

information and data as it deems appropriate and will seek independent corroboration when reasonably available, the Advisor will not evaluate all publicly available information and data and will not be in a position to confirm the completeness, genuineness or accuracy of the information and data that it will evaluate.

As a result, there can be no assurance that the due diligence exercise carried out by the Advisor will reveal or highlight all relevant facts that may be necessary or helpful in evaluating the investment opportunities. Any failure to have identified the relevant facts may result in an inappropriate investment decision, which may have a material adverse effect on the value of any investment in the Funds.

“Insider” Relationship With a Target Company’s Affairs – The Funds may participate substantially in the affairs of a target company, which may result in the Funds’ inability to purchase or sell the securities of such target company.

The Funds may substantially participate in or influence the conduct of affairs or management of a target company. Members, partners, officers, managers, employees or affiliates of the Advisor and its affiliates or designees may serve as directors of, or in a similar capacity with, a target company. In the event that material non-public information is obtained with respect to a target company or the Funds become subject to trading restrictions pursuant to the internal trading policies of a target company or as a result of applicable law or regulations, the Funds may be prohibited for a period of time (“blackout periods”) from purchasing or selling the securities of a target company, and as a result be prevented from increasing their exposure (or maintaining their relative ownership stake, in the case additional securities are issued by such target company) to an investment position which appreciates, or divesting from or exiting an investment position which decreases in value. Any such restrictions may have a significant adverse effect on the Funds and the value of any investment in the Funds.

Control of a Target Company – The Funds may take a controlling stake in a target company. This may involve a number of risks, such as the risk of liability for environmental damage, product defect, 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. In addition, in connection with the disposition of the investment in such target company, the Funds may make



representations and warranties about such investments' business and financial affairs typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities law. The Funds may also be required to indemnify the purchasers of the investment in such target company or underwriters to the extent that any such representations and warranties or disclosure documents turn out to be incorrect, inaccurate or misleading. All of these risks or arrangements may create contingent or actual liabilities and materially affect the Funds and any investment in the Funds.

Beneficial Ownership of a Company's Securities – The investment strategy pursued by the Funds may be affected by state and federal laws and regulations governing the beneficial ownership of public securities, which may inhibit the Funds' ability to freely acquire and dispose of certain securities. Should the Funds be affected by such rules and regulations, they may not be able to transact in ways that would realize value for the Funds. In addition, any changes to government regulations could make some or all forms of such strategies unlawful or impractical. Accordingly, such changes, if any, could have an adverse effect on the ability of the Funds to achieve their investment objective.

Illiquidity – A Fund's portfolio may consist of one security. Consequently, it may be relatively difficult for such Fund to dispose of such investments rapidly and at favorable prices in connection with adverse market developments or other factors affecting such security. Illiquid assets may also be more difficult to value.

Leverage – The Advisor may lever the Funds' assets through various types of financings and through investments in and/or the creation or sponsorship of various securitization vehicles. Each Fund may also leverage its investment return with options, short sales, swaps, forwards and other derivative instruments.

The Funds may buy or sell (write) both call options and put options, and when they write options, they may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The Funds' option transactions may be part of a hedging strategy (i.e., offsetting the risk involved in another

securities position) or a form of leverage, in which the Funds have the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial.

When the Funds buy an option, a decrease (or insufficient increase) in the price of the underlying security in the case of a call, or an increase (or insufficient decrease) in the price of the underlying security in the case of a put, could result in a total loss of the Funds' investment in the option (including commissions). When the Funds sell (write) an option, the risk can be substantially greater than when they buy an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, the Funds would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk and operations risk.

While leverage presents opportunities for increasing each Fund's respective total return, it has the effect of potentially increasing losses as well. Accordingly, any event that adversely affects the value of an investment by the Funds would be magnified to the extent the Funds are leveraged. The cumulative effect of the use of leverage by the Funds in a market that moves adversely to the Funds' investments could result in a substantial loss to the Funds, which would be greater than if the Funds were not leveraged. Leverage will increase the exposure of the Funds to adverse economic factors such as significantly rising interest rates, severe economic downturns or a deterioration in the condition of the Funds' investments or their corresponding markets. In addition, recourse debt, which the Funds reserve the right to obtain, may subject other assets of the Funds and the investor's investments to risk of loss.

As a general matter, the banks and dealers that provide financing to the Funds can apply essentially discretionary margin, "haircut," financing, security and collateral valuation policies. Changes by banks and dealers to such policies, or the imposition of other credit limitations or restrictions, whether due to market

circumstances or governmental, regulatory or judicial action, may result in margin calls, loss of financing, forced liquidation of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other banks or dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel the Funds to liquidate all or a portion of their portfolios at disadvantageous prices.

Margin Borrowings – Whenever the Funds use financing extended by broker-dealers to leverage its portfolio, it may be subject to changes in the value that broker-dealers ascribe to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position and/or such broker-dealers’ willingness to continue to provide any such credit to the Funds. The Funds could be forced to liquidate their portfolios on short notice to meet their financing obligations. The forced liquidation of all or a portion of a Fund’s portfolio at distressed prices could result in significant losses to the Fund.

In particular, the Funds could be subject to a “margin call,” pursuant to which a Fund would either be required to deposit additional funds or securities with the broker-dealer, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the Fund’s assets, the Fund might not be able to liquidate assets quickly enough to satisfy its margin requirements.

General Economic and Market Conditions – The success of the Funds’ activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty (including volatility in the financial sector), changes in laws (including laws relating to taxation of the Funds’ investments), trade barriers, currency exchange controls and national and international political circumstances (including government intervention in financial markets, wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of the Funds’ investments. Volatility or illiquidity could impair the Funds’ profitability or result in losses.

Governmental Intervention - Pervasive and fundamental disruptions undergone by global financial markets may lead to extensive and unprecedented governmental intervention, including conservatorship and the suspensions of short selling with respect to certain companies. Such intervention may be implemented on an “emergency” basis, suddenly and substantially eliminating market participants’ ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition, some of these interventions may be unclear in scope and application, resulting in market uncertainty that may negatively affect the efficient functioning of the markets, as well as previously successful investment strategies. It is impossible to predict whether and when such governmental intervention may occur and any such governmental intervention may affect the success of the Funds’ investment strategy and may cause the Funds to sustain significant loss.

Certain legislation proposing greater regulation of the hedge fund industry periodically is considered by Congress, as well as the governing bodies in non-U.S. jurisdictions. It is impossible to predict what additional interim or permanent governmental restrictions may be imposed on the markets and/or the effect of such restrictions on the Funds’ strategies. Any such regulation could also require increased transparency as to the identity of the investors.

Debt Instruments Generally - The Funds may invest in debt securities and instruments. The debt instruments may have speculative characteristics. Such instruments are regarded as predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, an economic recession could severely disrupt the market for these instruments and may have an adverse impact on the value of such instruments. It also is likely that any such economic downturn could adversely affect the ability of the issuer of such instruments to repay principal and pay interest thereon and increase the incidence of default for such instruments.

Repurchases of Bonds - The Funds may sell individual bonds or pools of bonds. In connection with such transactions, the Funds generally expect to enter into agreements customary to the nature and size of the transaction. In those agreements, the Funds generally will be required to make certain representations and warranties

regarding each bond or pool of bonds. In the event of an uncured breach of certain representations or warranties contained in such agreements, the Funds may be obligated to repurchase bonds or a pool of bonds from the purchaser.

Litigation – The Advisor may use litigation in pursuit of its activist investment strategy and with respect to a target issuer itself be the subject of litigation or regulatory investigation. In addition, the Advisor, the Funds, and perhaps certain of the investors may be a party to lawsuits initiated by third parties, including a target issuer, other shareholders or governmental bodies. There can be no assurance that any litigation, once begun, will be resolved in favor of the Funds. As a result, the Funds may be exposed to the risk of monetary damages and other sanctions or remedies. In addition, as an activist investor, the Advisor is subject from time to time (and especially in the context of a proxy contest) to formal or informal investigations or inquiries by the SEC and other governmental and self-regulatory organizations in connection with its activities. Litigation and regulatory investigations may require significant amounts of the Advisor's time, and the expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Funds and would reduce net assets or could require investors to return to the Funds distributed capital and earnings.

Derivatives – The Funds may use derivative financial instruments, including, without limitation, warrants, options, swaps, convertible securities, notional principal contracts, contracts for difference, forward contracts, futures contracts and options thereon, and may use derivative techniques for hedging and for other trading purposes. The use of derivative instruments involves a variety of material risks, including the potentially high degree of leverage often embedded in such instruments and the possibility of counterparty non-performance as well as of material and prolonged deviations between the theoretical and realizable value of a derivative (i.e., due to nonconformance to anticipated or historical correlation patterns). These anticipated risks (and other risks that may not be anticipated) may make it difficult as well as costly to the Funds to close out positions in order either to realize gains or to limit losses.

Many of the derivatives that may be traded by the Funds are principal-to-principal or "over-the-counter" ("OTC") contracts between the Funds and third parties entered into privately, rather than on an exchange. As a result, the Funds will not be

afforded the regulatory and financial protections of an exchange or its clearinghouse (or of the government regulator that oversees such exchange and clearinghouse). In privately negotiated transactions, the risk of the negotiated price deviating materially from fair value could be substantial, particularly when there is no active market available from which to derive benchmark prices.

A component of the valuation of a derivative may be a valuation provided by a dealer; however, the price at which such dealer values a particular derivative and the price which the same dealer would actually be willing to pay for such derivative should the Funds wish or be forced to sell such position may be materially different. Such differences can result in an overstatement of the Funds' net asset value and may materially adversely affect the Funds in situations in which the Funds are required to close out derivative instruments.

The Funds' use of derivatives and other techniques (such as short sales) for hedging purposes involves certain additional risks, including (i) imperfect correlation between movements in the asset on which the derivative is based and movements in the asset being hedged; and (ii) possible impediments to effective portfolio management or the ability to meet short-term obligations because of the percentage of the Funds' assets segregated to secure its obligations under derivatives contracts. By hedging a particular position, the Funds limit the potential gain from an increase in value of such position, but may not achieve a commensurate increase in risk control.

Hedging – The Advisor may, at any time, not attempt to hedge market or other risks inherent in the Funds' positions, and may hedge certain risks only partially. Specifically, the Advisor may choose not to hedge certain risks or determine that hedging is economically unattractive – either in respect of particular positions or in respect of the Funds' overall portfolio.

The Funds' portfolio composition may result in various directional market risks remaining unhedged, although the Advisor may rely on diversification, and specifically by attempting to have long and short positions in the portfolio which may be exposed to the same directional market risks, to control such risks to the extent that the Advisor believes it is desirable to do so, but the Funds will not be subject to any formal diversification policies.

The Advisor may enter into hedging transactions or positions with the intention of reducing or controlling risk. Even if the Advisor is successful in doing so, the hedging may reduce the Funds' returns. Furthermore, it is possible that hedging strategies will not be effective in controlling risk, due to unexpected non-correlation (or even positive correlation) between the hedging instrument and the position being hedged, increasing rather than reducing both risk and losses.

To the extent that the Advisor hedges, its hedges will typically not be static but rather may need to be continually adjusted based on the Advisor's assessment of market conditions, as well as the expected degree of non-correlation between the hedges and the portfolio being hedged. The success of the Advisor's hedging strategies will depend on the Advisor's ability to implement such strategies efficiently and cost-effectively, as well as on the accuracy of the Advisor's ongoing judgments concerning the hedging positions to be acquired by the Funds.

Stock Index and Market Options – The Funds may also purchase and sell call and put options on stock indices, customized baskets of securities ("Customized Baskets") and exchange-traded funds ("ETFs") listed on national 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, Customized Basket or ETF fluctuates with changes in the market values of the stocks included in the index, Customized Basket or ETF. The effectiveness of purchasing or writing stock index, Customized Basket or ETF options for hedging purposes will depend upon the extent to which price movements in the Funds' portfolio correlate with price movements of the stock indices, Customized Baskets or ETFs selected. Because the value of an index, Customized Basket or ETF option depends upon movements in the level of the index, Customized Basket or ETF rather than the price of a particular stock, whether the Funds will realize gains or losses from the purchase or writing of options on indices, Customized Baskets or ETFs depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indices, Customized Baskets or ETFs, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by the Funds of options on stock indices, Customized Baskets or ETFs will be subject to the ability of the Advisor 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.

OTC Derivatives – The Funds are subject to U.S. and international legislation and regulations applicable to OTC derivatives markets, including the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) and the European Market Infrastructure Regulation (“EMIR”).

Certain OTC derivatives must be submitted for clearing to regulated clearinghouses, and such trades are subject to minimum initial and variation margin requirements set by the relevant clearing member and clearinghouse, as well as possible SEC or Commodity Futures Trading Commission (“CFTC”) mandated margin requirements. The regulators also have imposed margin requirements on many non-cleared OTC derivatives and requirements on holding of customer collateral by OTC derivatives dealers. These requirements may increase the amount of collateral the Funds are required to provide and the costs associated with providing it. In addition, the OTC derivatives dealers with which the Funds execute the majority of their OTC derivatives are subject to clearing and margin requirements irrespective of whether the Funds are subject to such requirements. OTC derivatives dealers are also required to post margin to the clearinghouses through which they clear their customers’ trades instead of using such margin in their operations. This will increase the OTC derivative dealers’ costs, and these increased costs are expected to be passed through to other market participants in the form of higher upfront and mark-to-market margin, less favorable trade pricing, and the possible imposition of new or increased fees.

The SEC may, and the CFTC currently, also require certain derivative transactions that have historically been executed on a bilateral basis in the OTC markets to be executed through a regulated securities, futures, or swap exchange or execution facility. Such requirements may make it more difficult and costly for investment funds, including the Funds, to enter into tailored or customized transactions. They may also render certain strategies in which the Funds might otherwise engage impossible or so costly that they will no longer be economical to implement.

OTC derivatives dealers and major OTC derivatives market participants are required to register with the SEC and/or CFTC. Although neither the Funds nor the



Advisor is required to register as dealers or major participants in the OTC derivatives markets, it is possible that going forward, the Funds and/or the Advisor may be required to be registered as dealers or major participants. The Funds are also subject to reporting and recordkeeping requirements, position limits, and other regulatory burdens. Registered OTC derivatives dealers and major participants are subject to a number of regulatory requirements, including minimum capital and margin requirements. These requirements may apply irrespective of whether the derivatives in question are OTC derivatives, exchange-traded or cleared. OTC derivatives dealers are also subject to business conduct standards, disclosure requirements, reporting and recordkeeping requirements, transparency requirements, position limits, limitations on conflicts of interest, and other regulatory burdens. These requirements may further increase the overall costs for OTC derivatives dealers, which costs are also likely to be passed along to market participants.

Although many OTC derivative transactions must be submitted for clearing by a regulated clearinghouse, certain of the derivatives that may be traded by the Funds may remain over-the-counter or principal-to-principal contracts between the Funds and third parties entered into privately. The risk of counterparty nonperformance can be significant in the case of these over-the-counter instruments, and “bid-ask” spreads may be unusually wide in these heretofore substantially unregulated markets. While EMIR, the CFTC’s rules implementing the Dodd-Frank Act and other global regulations are intended in part to reduce these risks, their success in this respect may not be evident for some time after the regulations are fully implemented, a process that may take several years or more.

Total Return Swap (“TRS”) – As part of its investment strategy, or in the event of illiquidity, the Funds may obtain synthetic exposure to assets through TRS. A TRS is a derivative instrument whereby the Funds agree to receive the return of a security or financial instrument or a basket of securities or financial instruments in exchange for a fee. The Funds will typically contract to receive such returns for a predetermined period of time. During such period, the Funds may not have the ability to increase or decrease their exposure. The value of a TRS transaction depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to TRS. In addition, such customized derivative instruments are

expected to be highly illiquid and it is possible that the Funds will not be able to terminate TRS trades prior to their expiration date or that the penalties associated with such a termination might impact the Funds' performance in a material adverse manner. In the event the Funds seek to participate through the use of such synthetic derivative instruments, the Funds will not acquire any voting interests or other shareholder rights that would be acquired with a direct investment in the underlying securities or financial instruments. Accordingly, the Funds will not participate in matters submitted to a vote of the shareholders or any class action suits by shareholders. In addition, the Funds may not receive all of the information and reports to shareholders that the Funds would receive with a direct investment. Further, the Funds will pay the counterparty to any such customized derivative instrument structuring fees and ongoing transaction fees, which will reduce the investment performance of the Funds. Finally, certain aspects of the appropriate U.S. federal income tax treatment of such customized derivative instruments are uncertain and, if the Funds' U.S. federal income tax treatment of such instruments proves to be inappropriate, an investor's after tax return from its investment in the Funds may be adversely affected.

Credit Default Swaps ("CDS") – The Funds may purchase and sell credit derivatives contracts – primarily CDS – for both hedging and other purposes. The typical CDS contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities issued by the reference entity with a face value equal to the notional amount of the contract. In return, the buyer agrees to make periodic payments equal to a fixed percentage of the notional amount of the contract. The Funds may also transact in CDS on a basket of reference entities as part of a synthetic CDO transaction.

CDS contracts involve different (and potentially greater) risks than if the Funds had invested in the reference obligation directly. In addition to general market risks, CDS are subject to liquidity risk and credit risk. A buyer also may lose its investment and recover nothing should no credit event occur. If a credit event were to occur, the value of the reference obligation received by the seller, coupled with the periodic payments previously received, may be less than the full notional value it pays to the buyer, resulting in a loss of value to the Funds.

Upon the occurrence of a credit event, CDS may be cash settled (either directly or by way of an auction) or physically settled. If the transaction is cash settled, the amount payable by the seller following a credit event will usually be determined by reference to the difference between the nominal value of a specified obligation of the reference entity and its market value after the occurrence of the credit event (which sometimes may be established in an industry-wide auction process). If the transaction is physically settled, the buyer will deliver an obligation of the reference entity that is either specified in the contract or the general characteristics are described therein to the seller in return for the payment of its nominal value. Settlement of such contracts may also be delayed beyond the time frame originally anticipated by counterparties. Such delays may adversely impact the Funds' ability to otherwise productively deploy any capital that is committed with respect to such contracts.

Regulation of CDS - The Dodd-Frank Act imposes substantial regulation on all OTC derivatives markets in the United States, including the market for CDS and the entities transacting in these markets. Regulators and legislative bodies outside the United States have also brought increased scrutiny to these markets and have focused particular attention on CDS. Regulations adopted under the Dodd-Frank Act will seek to increase the transparency of these markets by requiring exchange-trading, clearing and reporting of many types of OTC derivative trades. The regulators will also have enhanced tools to monitor trading in these markets in real time. These regulations may dramatically increase the cost of entering into CDS trades and may eliminate virtually all market liquidity for certain types of CDS trades. Any regulations that restrict the ability of the Funds to trade, or any counterparties to issue, CDS in connection with the Funds' activities or that subject the Funds to additional regulation could significantly adversely impact the Funds and their profit potential and may make it impossible for the Advisor to implement its investment strategy on behalf of the Funds.

Short Selling - Short selling involves selling securities which may or may not be owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Funds engage in short sales will depend upon the Advisor's investment strategy and

opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Funds of buying those securities to cover the short position. There can be no assurance that the Funds will be able to maintain the ability to borrow securities sold short. In such cases, the Funds can be “bought in” (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Necessity for Counterparty Trading Relationships; Counterparty Risk – The Funds expect to establish relationships to obtain financing, derivative intermediation and prime brokerage services that permit the Funds to trade in any variety of markets or asset classes over time; however, there can be no assurance that the Funds will be able to maintain such relationships or establish such relationships. An inability to establish or maintain such relationships would limit the Funds’ trading activities and could create losses, preclude the Funds from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent the Funds from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before the Funds establish additional relationships could have a significant impact on the Funds’ business due to the Funds’ reliance on such counterparties.

Some of the markets in which the Funds may effect their transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. In addition, in the case of a default, the Funds could become subject to adverse market movements while replacement transactions are executed. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds

have concentrated their transactions with a single counterparty or small group of counterparties.

Furthermore, there is a risk that any of the Funds' counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of the Funds' counterparties were to become insolvent or the subject of insolvency proceedings in the United States (either under the Securities Investor Protection Act of 1970, as amended or the United States Bankruptcy Code), there exists the risk that the recovery of the Funds' securities and other assets from the Funds' prime brokers or broker-dealers will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

In addition, the Funds may use counterparties located in jurisdictions outside the United States. Such local counterparties are subject to the laws and regulations in foreign jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Funds' assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Funds and their assets.

The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of their transactions with one counterparty. Moreover, the Funds' internal credit function which evaluates the creditworthiness of its counterparties may prove insufficient. The ability of the Funds to transact business with any one or more counterparties, the lack of complete and "foolproof" evaluation of the financial capabilities of the Funds' counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

In addition, there are risks involved in dealing with the custodians or brokers who settle the Funds' trades. Securities and other assets deposited with custodians or brokers may not be clearly identified as being assets of the Funds, and hence the Funds may be exposed to a credit risk with regard to such parties. In some jurisdictions, a Fund may only be an unsecured creditor of its broker in the event of bankruptcy or administration of such broker. Further, there may be practical or time

problems associated with enforcing the Funds' rights to their assets in the case of an insolvency of any such party.

Trade Execution Risk – While the investment strategy of the Funds does not rely on rapid execution of transactions, inefficient execution of trades may nevertheless result in lower returns on the Funds' investments.

Trading Error Risk – The Funds will be responsible for any losses resulting from trading errors and similar human errors, unless due to the bad faith, willful misconduct, fraud or gross negligence of the Advisor or the ability to waive or limit such losses under applicable law. Trading errors might include, for example, keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements. Given the volume of transactions that may be executed by the Advisor and its affiliates on behalf of the Funds, investors should assume that trading errors (and similar errors) will occur and that the Funds will be responsible for any consequent losses, even if such losses result from the negligence (but not gross negligence) of the Advisor or its affiliates. The Advisor may be biased when determining whether losses resulting from a trading error will be borne by the Funds. From time to time, the Advisor or its affiliates may voluntarily reimburse the Funds for losses suffered as a result of certain trade errors identified by the Advisor or its affiliates. However, notwithstanding the previous sentence, investors should not carry the expectation that a reimbursement will ever take place, and in evaluating the Funds, no decisions should be made in reliance on the Advisor making any reimbursements to the Funds for losses suffered as a result of such trade errors. Any decision to reimburse is not precedential and should not create the expectation of any reimbursement in the future.

Effects of Speculative Position Limits – The CFTC and the U.S. commodities exchanges impose limits, referred to as “speculative position limits,” on the maximum net long or net short speculative positions that any person may hold or control in any particular futures or options contracts traded on U.S. commodities exchanges. The Dodd-Frank Act significantly expands the CFTC's authority to impose position limits with respect to futures contracts, options on futures contracts, swaps that are economically equivalent to futures or options on futures, swaps that are traded on a regulated exchange and certain swaps that perform a significant price discovery function. In addition, the

Dodd-Frank Act requires the SEC to set position limits on security-based swaps. The Advisor could be required to liquidate positions held for the Funds, or may not be able to fully implement trading ideas, in order to comply with such limits. Any such liquidation or limited implementation could result in substantial costs to the Funds.

Use of Consultants – From time to time, the Advisor retains, or otherwise engages, certain consultants. Such consultants could be recruited directly, provided by expert networks in the business of facilitating access to such consultants or otherwise. The Advisor uses consultants to facilitate any or all aspects of the investment research process, the process of establishing influence or control over a target company or the process of effecting value-creating change. Such consultants also may provide assistance on, without limitation, legal or regulatory matters, communications, capital markets, valuation, taxation, macroeconomic issues, political issues, matters relating to the Funds' operation or other topics. Unless determined otherwise by the Advisor in its discretion, the costs of such consultants or the fees paid to such consultants in connection with their services provided to the Funds are charged to the relevant Fund and do not offset the management fee. As such, the use of consultants is expected to increase the overall costs and expenses borne indirectly by the Funds' investors. To the extent that a Fund invests in a target company, such consultants have moved and may in the future move into management positions at such target company if the Advisor determines in its judgment that it is appropriate to do so. Taking on an extensive role, such as an executive at a target company, is expected to create conflicts of interest a consultant's work for a Fund and a Fund's investment, on the one hand, and themselves or other Clients, on the other hand, and the Advisor is limited in its ability to monitor and mitigate these conflicts.

While certain investment decisions may be made in reliance on the advice of such consultants, the Advisor is ultimately responsible for the investment decisions of the Funds. Such responsibility extends to decisions to create exposures to indices, ETFs or custom baskets passively or actively managed by third parties for the purpose of establishing exposures, hedging, or otherwise. There can be no guarantee that the use of consultants will have a positive impact on the performance of the Funds and, in certain instances, the Funds' performance may be negatively impacted.

Trading and Investing Affiliates – The Funds may effect certain investments through limited partnerships, limited liability companies, corporations or other vehicles

sponsored or managed by the Advisor or third parties. A creditor having a claim that relates to a particular investment held by any such vehicle may be able to satisfy such claim against all assets of such vehicle, without regard to the participation rights of the Funds and other investors of such vehicle in the assets of such vehicle.

Co-Investments with Third Parties – The Funds may co-invest with third parties through joint ventures or other entities. Such investments may involve risks in connection with such third-party involvement, including the possibility that a third-party co-venturer may have financial difficulties resulting in a negative impact on such investment; may have economic or business interests or goals that are inconsistent with those of the Funds; or may be in a position to take (or block) action in a manner contrary to the Funds’ investment objectives.

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

Volatility Risk – The Funds’ investment program may involve the purchase and sale of relatively volatile instruments such as derivatives, which are frequently valued based on implied volatilities of such derivatives compared to the historical volatility of underlying financial instruments. Fluctuations or prolonged changes in the volatility of such instruments, therefore, can adversely affect the value of investments held by the Funds.

Fundamental Analysis – Certain decisions made by the Advisor may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate and/or generally available to other market participants. To the extent that any such data is inaccurate or that other market participants have developed, based on such data, trading strategies similar to the Funds’ trading strategies, the Funds may not be able to realize their investment goals. In addition, fundamental market information is subject to interpretation. To the extent that the Advisor misinterprets the meaning of certain data, the Funds may incur losses.



Competition; Availability of Investments – The markets in which the Funds may invest are competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that the Advisor will be able to identify or successfully pursue attractive investment opportunities in such environments. Among other factors, competition for suitable investments from other pooled investment vehicles, the public equity markets and other investors may reduce the availability of investment opportunities. Competitive investment activity by other firms and institutions will reduce the Funds’ opportunity for profit by generally increasing price pressure on desired assets, reducing mispricings in the market as well as the margins available on those mispricings that can still be identified.

Uncertain Exit Strategies – Due to the potentially illiquid nature of the positions (taking into account such factors as “trading windows”) which the Funds are expected to acquire, the Advisor is unable to predict with confidence what the exit strategy will ultimately be for any given investment. Exit strategies that appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

## **Item 9 – Disciplinary Information**

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of the Advisor's advisory business or the integrity of the Advisor's management.

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

The Advisor and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

## **Item 11 - Code of Ethics, Participation or Interests in Client Transactions, Personal Trading**

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

The Advisor has adopted a code of ethics (the “Code of Ethics”), which is designed to ensure that it conducts its business in accordance with all applicable laws and regulations and in an ethical and professional manner. The Code of Ethics applies to all employees of the Advisor and obligates employees to put the interests of the Clients first. In this regard, the Advisor has developed policies and procedures in the Code of Ethics that are premised on the fundamental principles of openness, integrity, honesty and trust. Employees are provided with a copy of the Code of Ethics and are required to certify their compliance on a periodic basis. The Advisor will provide a copy of the Code of Ethics to any Client or prospective Client upon request.

### ***Personal Trading***

Under the Code of Ethics, employees (and members of their immediate households) are not permitted to invest in single name equity securities, options on equities, bonds, futures or commodities and must obtain written pre-approval from the CCO prior to executing a sell order in any such holdings that they may have previously owned. Investments in mutual funds and broad based market ETFs do not require pre-approval. The spirit of the Code of Ethics is to discourage frequent trading in employee personal accounts. In addition, employees are prohibited from participating in any initial public offering, including SPACs, and must obtain written pre-approval from the CCO to buy or sell securities in a private placement. Employees must also obtain written pre-approval from the CCO before engaging in any outside business activities. When the activities of the CCO require pre-approval, that written pre-approval must be obtained from the Principal Owner. All employees must provide duplicate copies of brokerage statements to the CCO. These records are used to monitor compliance with the foregoing policies.

## **Item 12 – Brokerage Practices**

### ***Selection of Brokers***

It is the Advisor's policy to place trades for the Funds with broker-dealers on the basis of seeking best execution which may take into account a number of factors, including, but not limited to: confidentiality; price quotes; the size of the transaction and ability to find liquidity; timeliness of execution; the availability of financing; the financial stability and reputation of a broker-dealer; the broker-dealer's expertise in the specific financial instrument or sector in which the Funds seek to trade; the broker-dealer's skill in positioning the financial instruments involved; the value of research, brokerage and other services provided; the responsiveness of a broker-dealer; a broker-dealer's financial resources; and other factors deemed appropriate by the Advisor. The Advisor may, but need not, solicit competitive bids and does not have an obligation to execute trades solely based on the lowest available commission cost or spread.

### ***Research and Other Soft Dollar Benefits***

The Advisor may enter into soft dollar and/or commission-sharing arrangements with brokers. However, at the present time, Mantle Ridge has not entered into any formal soft dollar or commission-sharing arrangements. Soft dollar arrangements arise when an investment adviser obtains certain investment research or brokerage products and services, other than securities execution, from a broker in return for directing Client securities transactions to the broker. Soft dollar arrangements may pose a conflict of interest for the Advisor in that such arrangements may allow the Advisor to pay with Client commissions expenses that would otherwise be borne by the Advisor. If the Advisor uses Client brokerage commissions (or certain permissible markups or markdowns) to obtain research or other products or services, it will receive a benefit because it will not have to produce or pay for the research, products or services. The Advisor may have an incentive to select a broker based on the Advisor's interest in receiving the research or other products or services offered by such broker, rather than on Clients' interests in receiving most favorable execution.

To the extent that it engages in soft dollar transactions, the Advisor will comply with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under this provision, in exercising its discretionary authority to

select or arrange for the selection of brokers for execution of transactions for Clients, and, subject to its duty to obtain best execution, the Advisor may consider the value of research and brokerage products and services provided by such brokers. Research may include, among other things, proprietary research from brokers, which may be written or oral, databases and quotation services, research concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, pricing data and availability of securities, financial publications, electronic market quotations, performance measurement services, analyses concerning specific securities, companies, industries or sectors, market, economic and financial studies and forecasts, appraisal services, and invitations to attend conferences or meetings with management or industry consultants. Accordingly, if the Advisor determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, a Client may pay commissions to such broker in an amount greater than the amount another broker might charge.

Research provided by such brokers may be used to service all Clients and not exclusively in connection with the management of the Clients that generated the particular soft dollar credits. When a product or service obtained with Client commission dollars provides both research and non-research assistance to the Advisor, the Advisor will make a reasonable allocation of the cost which may be paid with Client commission dollars.

The Advisor executes securities transactions on behalf of Clients with broker-dealers that provide the Advisor with access to proprietary research reports (such as standard investment research and credit reports). To the Advisor's knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. These bundled services are made available to the Advisor on an unsolicited basis and without regard to the rates of commissions charged or paid by Clients or the volume of business that the Advisor directs to such broker-dealers.

### ***Capital Introduction***

From time to time, brokers (including the prime brokers) may assist the Advisor in raising additional capital from investors. Additionally, brokers may provide

capital introduction and marketing assistance services, and representatives of the Advisor may speak at conferences and programs sponsored by the brokers, for investors interested in investing in private investment funds. Through such events, prospective investors in the Funds may encounter representatives of the Advisor. Brokers may also provide other services, including, without limitation, consulting services relating to technology and office space. Although neither the Advisor nor the Funds compensate brokers for such assistance, events or services, or for any investments ultimately made by prospective investors attending such events, such activities may influence the Advisor in deciding whether to use such brokers in connection with brokerage, financing and other activities of the Funds. Subject to its obligation to seek best execution, the Advisor may consider referrals of investors to the Funds in determining its selection of brokers. However, the Advisor will not commit to an investor or a broker to allocate a particular amount of brokerage in any such situation.

#### *Aggregation of Orders and Average Pricing*

If the Advisor determines that the purchase or sale of a security is appropriate with regard to multiple Clients, the Advisor may, but will not be obligated to, purchase or sell such a security on behalf of such clients with an aggregated order that is consistent with applicable regulatory requirements. When an aggregated order is filled in its entirety, each participating Client, including a Fund, will receive the average price, with transaction costs generally allocated *pro rata* based on each client's participation in the order. When an aggregated order is only partially filled, the securities purchased are allocated on a *pro rata* basis to each Client participating in the aggregated order based upon the initial amount requested for the Client, subject to certain exceptions, and each participating Client participates at the average share price for each aggregated order.

## **Item 13 – Review of Accounts**

### ***Reviews***

Positions held by the Clients will be continuously monitored by the employees of the Advisor. Each Fund is reviewed in the context of its stated objectives and guidelines including, without limitation, a review of portfolio positions, the extent to which the Funds hold securities of an individual issuer or in a specific market or country, trading procedures, and overall best execution.

### ***Reports***

Investors in the Funds will receive an annual report containing audited financial information, capital account statements from the Fund's administrator at least quarterly, and annual tax information needed to prepare income tax returns.



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

Other than the products and services that the Advisor may receive from brokers and dealers (described above under Item 12), the Advisor does not currently and does not expect to receive any economic benefits from third parties in connection with the provision of investment advice to Clients. Additionally, other than considerations regarding capital introduction programs (described above under Item 12), the Advisor does not currently and does not plan on directly or indirectly compensating any person for investor referrals.

## **Item 15 – Custody**

The Advisor complies with the requirements of the Rule 206(4)-2 of the Advisers Act with regards to the Advisor’s custody of the Funds’ assets.

Pursuant to Rule 206(4)-2 of the Advisers Act, the Advisor maintains compliance by ensuring that:

- (i) Each Fund is subject to audit at least annually conducted in accordance with U.S. Generally Accepted Auditing Standards by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board.
- (ii) Each Fund’s audited financial statements are prepared in accordance with generally accepted accounting principles and are distributed to all investors within 120 days of the end of its fiscal year.

## **Item 16 – Investment Discretion**

The Advisor and its affiliates have discretionary authority to manage each of the Funds pursuant to an investment management agreement. The investment management agreements between each of the Funds and the Advisor allow the Advisor to exercise full discretionary authority subject to the investment guidelines as described in the Offering Documents of the relevant Fund.

## Item 17 – Voting Client Securities

An investment adviser with proxy voting authority has a duty to monitor corporate events and to vote proxies, as well as a duty to cast votes in the best interest of clients and not subrogate client interests to its own interests. Rule 206(4)-6 under the Advisers Act places specific requirements on registered investment advisers with proxy voting authority. Because the Advisor has discretionary authority over the securities held by its clients, the Advisor is viewed as having proxy voting authority. Accordingly, the Advisor is subject to Rule 206(4)-6. To meet its obligations under the rule, the Advisor has adopted written proxy voting policies and procedures, which are designed to ensure that the Advisor votes proxies in the best interest of each Client and addresses how the Advisor will resolve any conflict of interest that may arise when voting proxies.

The general policy of the Advisor is to vote proxy proposals, amendments, consents or resolutions relating to client securities, if any (collectively, “proxies”), in a manner that serves the best interests of the Funds, as determined by the Advisor in its discretion, and taking into account all relevant facts and circumstances at the time of the vote, including, but not limited to: (1) maximizing the economic value of the relevant Client’s holdings; (2) the anticipated costs and benefits associated with the proposal; (3) the effect on liquidity; (4) customary industry and business practices; (5) the relevant Client’s investment horizon and (6) contractual obligations under the relevant advisory agreements or governing documents. It is the Advisor’s general policy to vote or give consent on all matters presented to security holders in any proxy vote. However, the Advisor may abstain on any particular vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Advisor, the costs associated with voting such vote outweigh the benefits to the relevant Client or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Client.

Clients will bear any costs (including legal costs) associated with proxy solicitation contests, the preparation of any letters with respect to plans and proposals regarding management, ownership and capital structure of a target issuer (and related anti-trust or other regulatory filings) by the Advisor in connection with Clients’ investments, any compensation paid to individuals considered for nomination, nominated and/or appointed, at Clients’ request, to the board of a target issuer

(including any compensation paid in relation to serving in such capacity) and any related expenses (such as proxy solicitors, public relations experts, costs associated with “white papers,” lobbying organizations to the extent reasonably determined by the Advisor to be employed in connection with investments or prospective investments of a Client in the target issuer and public presentations).

Conflicts of interest may arise between the interests of the Funds on the one hand and the Advisor or its affiliates on the other hand. Such conflicts of interest may be particularly acute in certain cases given the significant positions the Funds may acquire in the issuers in which they invest. For example, such significant positions are likely to strengthen the relationship between the Advisor and the management of such issuers, as would pre-existing relationships between the Advisor and management such as would be the case if management were previously consultants to the Advisor as described in “Use of Consultants” in Item 8. To the extent such a conflict is identified, the CCO will review the vote under consideration and seek to resolve the conflict in a way the CCO believes to be in the relevant Client’s best interests. If the CCO is unable to determine how the Advisor should vote the proxy, the Advisor will, at its own expense, engage an outside proxy voting service or consultant to make a recommendation. The CCO will retain documentation of the proxy voting service or consultant’s recommendation and will vote the proxies in accordance with that recommendation.

Investors may obtain, upon request, a copy of the Advisor’s proxy voting policies and/or information regarding how the Advisor voted proxies for particular portfolio companies by contacting the Advisor at the address or telephone number listed on the first page of this brochure.

## **Item 18 – Financial Information**

The Advisor is not required to include a balance sheet for its most recent fiscal year, since it does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. Further, Mantle Ridge is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients and has not been the subject of a bankruptcy proceeding.