

**Aperture Investors, LLC  
Part 2A of Form ADV  
Firm Brochure**

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**Form ADV, Part 2A (the “Brochure”) provides information about the qualifications and business practices of Aperture Investors, LLC (the “Adviser” or “Aperture”), an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this Brochure, please contact us at [compliance@apertureinvestors.com](mailto:compliance@apertureinvestors.com). The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.**

**Aperture often refers to itself as a “registered investment adviser.” Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.**

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

**Item 2. Material Changes**

Aperture is required to identify and discuss any material changes made to its brochure since its last annual update.

Since Aperture's last annual update of the Brochure, which was filed on March 30, 2023, Aperture has made the following changes:

In early 2024, Aperture closed its mutual funds and opened a number of new pooled investment vehicles. The Brochure has been updated to reflect this change.

Aperture has made additional routine updates and clarifying changes to this Brochure.

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

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## Item 4. Advisory Business

### Firm Description

Aperture Investors, LLC (the “Adviser” or “Aperture”), a Delaware limited liability company founded in 2018, provides advisory services to United States and Cayman Islands-domiciled privately placed investment vehicles (the “Private Funds”). Aperture has been appointed investment manager to multiple sub-funds (each a “UCITS” and collectively with the Private Funds, the “Clients” or the “Funds”) of the Aperture Investors SICAV (the “SICAV”), a single legal entity incorporated as an umbrella fund and authorized by the Commission de Surveillance du Secteur Financier (the “CSSF”) which is the Luxembourg supervisory authority of the financial market. Aperture Investors UK, Ltd (“Aperture UK”), an investment firm licensed by the Financial Conduct Authority (“FCA”), is a wholly-owned subsidiary of Aperture and serves as the investment manager to certain UCITS.

Aperture is jointly owned by Peter Kraus, Chairman and Chief Executive Officer (the “CEO”) of the Adviser, and Generali Alpha Corp, a wholly owned subsidiary of Generali Holding S.p.A., which is an entity owned jointly by Generali France S.A., Generali Deutschland AG, and Assicurazioni Generali S.p.A. (collectively, “Generali”). Assicurazioni Generali S.p.A. is an Italian insurance company. As of February 1, 2024, the Adviser had approximately \$4,273,072,000 in net assets under management. Please note that this is an unaudited estimate and the methodology used to calculate net assets under management differs from the methodology used to calculate “regulatory assets under management” for purposes of responding to Item 5.f(2) of Part 1 of Aperture’s SEC Form ADV. Additional detail concerning the methodology is available upon request.

### Overview of Aperture’s Advisory Services

Aperture’s advisory services are typically provided on a discretionary basis, meaning that Aperture has full discretion to determine, consistent with Clients’ investment objectives and restrictions, which securities and the total amount of securities that should be bought or sold for Clients’ accounts. Aperture may buy, sell, or otherwise trade securities or engage in transactions around the globe, including, but not limited to, equity, debt, derivatives, securities of other investment companies, illiquid investments, convertible securities, American depository receipts (“ADRs”), restricted securities, loans, securities lending, and short sales. Aperture provides advisory services in several investment styles, including international equity, global equity, European equity, European small cap equity, North American small cap equity, long/short credit, emerging markets credit, and short duration credit.

In general, Aperture manages the following types of products:

### Private Funds

Aperture has entered into an investment management agreement (the “Management Agreement”) with the Private Funds and their general partners (the “General Partners”), related persons of Aperture. The Management Agreement grants Aperture discretionary investment and trading authority over the assets of the Private Funds. Aperture’s management of, and the terms of any investor’s investment in, the Private Funds are governed by the organizational documents, offering memorandum, limited partnership agreement and subscription agreement (collectively, the “Governing Documents”). Specific investment objectives and strategies are detailed in the respective Governing Documents. The Private Funds are privately placed investment vehicles intended for sophisticated investors and institutional investors.

### UCITS

Generali Investments Luxembourg S.A. (the “Management Company”), with the consent of the Board of Directors of the UCITS, has delegated to Aperture the discretion, on a daily basis, but subject to the overall control and responsibility of the Management Company and the SICAV, to purchase and sell securities as agent for the SICAV for certain UCITS and to otherwise manage the portfolios of such UCITS for the account and in the name of the SICAV. Aperture UK serves as the investment manager to certain UCITS.

Aperture’s discretionary investment authority in managing the UCITS may be limited by contractual terms,

applicable laws and regulations (e.g., the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time, the "UCI Law"), and internal risk guidelines.

## **Item 5. Fees and Compensation**

### **Advisory Fees and Compensation.**

Shares of each Fund shall be offered by means of Governing Documents or a written prospectus which set forth the details of the advisory fees and operating expenses paid by such Clients.

#### Private Funds

Generally, the Private Funds issue limited partnership interests in different series subject to different terms and conditions (each, a “Series”). Each Series’ fee structure includes a management fee and a performance fee. Management fees range from 0.30% to 1.25% per annum of net assets, paid quarterly in advance. Performance fees range from 20% to 30% of outperformance in excess of the benchmark index or hurdle rate, per annum. Aperture may at any time in its discretion waive or reduce all or a portion of the management fee or performance fee with respect to any investor, including investors which are employees or officers of Aperture.

For the avoidance of doubt, the Adviser may receive a performance fee from a Private Fund even in the case of negative performance as long as the performance is greater than the performance of the benchmark index or hurdle rate.

#### UCITS

For each UCITS managed by the Adviser or Aperture UK, the UCITS pays to the Adviser or Aperture UK a variable management fee (the “VMF”) calculated based on the performance of each variable share class relative to that of a specified benchmark, as described in the UCITS prospectus. Unless otherwise provided in the UCITS prospectus for a specific sub-fund, the VMF is payable in arrears as at the end of the performance period, as described in the UCITS prospectus. In the event there is a VMF minimum amount (the “VMF Minimum”) specified in the UCITS prospectus for a sub-fund, the VMF Minimum is payable quarterly through the performance period and the rest of the VMF amount is payable in arrears at the end of the performance period.

For the avoidance of doubt, the Adviser or Aperture UK, as applicable, may also receive a VMF from a UCITS above the applicable VMF Minimum even in the case of negative performance of a particular share class as long as the performance of such share class is greater than the performance of the performance fee benchmark.

### **Other Fees and Expenses**

In addition to paying investment management fees, and for certain Funds, performance fees, the Funds will also be subject to other investment and operating expenses as set forth in the Governing Documents or prospectus of each Fund.

Further, the Private Funds are responsible for their operating expenses, which include, or in the future may include, but are not limited to, all fees and expenses payable to the administrator (including for communications systems provided by the administrator); accounting, auditing, valuation, tax preparation and tax planning services, including outsourced “shadow” administrative services, third-party accounting or middle office services, and accounting software (including all implementation costs); expenses associated with third-party research, industry subscriptions, expert networks, political intelligence providers; all expenses related to Bloomberg, Factset or similar data providers, research and pricing services, as well as expenses related to news, quotations, modeling, statistics, market data, databases, order management systems, portfolio management systems, risk management systems and other technical and telecommunications services and equipment used in the investment management process (including both hardware and software), including implementation costs; all expenses related to the investment process, including all expenses associated with sourcing, investigating, researching, negotiating and structuring of investments and potential investments, whether or not consummated; the costs of consultants, lawyers, due diligence providers, valuation agents, accountants, investment bankers, advisors and other professional experts (including expenses of public relations advice as it relates to particular investments)

utilized by Aperture in connection with the Private Funds' investments; all travel expenses (not to exceed commercial rates) incurred in evaluating, diligencing, researching and monitoring potential or actual investments; all expenses related to trade execution and portfolio or position financing, including outsourced trading expenses; the costs and expenses of any errors and omissions insurance, directors and officers liability insurance, professional liability or cyber-security insurance obtained on behalf of the Private Funds, the General Partners, Aperture and the governance committee of the Private Funds; the fees of, and expenses incurred by or on behalf of, the members of the Private Funds' governance committees; legal expenses specifically related to the Private Funds and its operations, including the cost of producing and updating offering memoranda and other marketing materials, the costs of negotiating side letters or amending the Private Funds governing documents and the costs of any investor consent processes; all costs and expenses associated with any meetings of the investors in the Private Funds or of the governance committees; all regulatory and compliance expenses related to the Private Funds, including costs incurred in complying with anti-money laundering laws and regulations and Aperture's reporting obligations related to the Private Funds (such as Section 13 or Section 16 filings, Form 13F, Form 13H, Form PF, FATCA filings and any other similar filing in any other U.S. or non-U.S. jurisdiction), fees and expenses of the Private Funds' AML officers and registration and annual fees in connection with the Private Funds' registration pursuant to the Mutual Funds Act (as amended) of the Cayman Islands; all expenses incurred in connection with responding to requests or inquiries from any U.S. federal, state, local or non-U.S. governmental entity or authority, regulatory body or self-regulatory organization; filing and registration fees and expenses, registered office fees and expenses, custodial fees and bank services fees relating to the operation of the Private Funds and the offering of the interests therein; any government fees or taxes imposed on the Private Funds, in each case, as determined by Aperture; expenses associated with participating in class actions and securing other claims and any proxy voting services; the costs of producing and distributing periodic and annual reports, investor communications and investor statements, risk reporting systems or responding to other investor requests; extraordinary expenses (e.g., litigation costs and indemnification obligations, costs and expenses of the Private Funds' partnership representative or "designated individual") that the Private Funds may incur; any expenses of any acquisition vehicle formed by the Private Funds; all expenses associated with the liquidation and winding-up of the Private Funds, including the formation and operation of any liquidating trusts or accounts; and any other expenses related to the Private Funds' operations as determined by the General Partners.

Broker-dealers typically charge transaction fees on purchases or sales of securities, and account custodians may charge custodial fees. Additional information about transaction expenses is contained in Item 12 of this Brochure entitled "Brokerage Practices."

As part of an overall investment strategy, some assets of a Fund may be invested in exchange-traded funds or other fund structures. Exchange-traded funds and other fund structures will incur a separate layer of management fees and other expenses that are in addition to the management fees and other expenses charged directly to the Fund. Certain fund structures may also incur a separate layer of performance fees.

This above description is not intended to be exhaustive. For a description of the fees and expenses borne by each Fund, please see the applicable Governing Documents or written prospectus.

The allocation of expenses by the Adviser between it and any Client and among Clients represents a conflict of interest for the Adviser. To address this conflict, the Adviser has adopted and implemented policies and procedures for the allocation of expenses. The Adviser allocates expenses to each Client in accordance with the Client's arrangements with the Adviser (including applicable client disclosures). The Adviser seeks to allocate shared expenses for products and services benefitting the Adviser and the Client and not covered in the Client's arrangements in accordance with the Adviser's expense allocation policy. The Adviser allocates common client expenses among multiple Clients pro rata; provided, however, that the Adviser may deviate from pro rata allocations with respect to expenses that, in the Adviser's view, disproportionately benefit a particular Client or group of Clients, but in accordance with applicable laws. There are multiple methods used to determine pro rata allocations, which include but not limited to, by AUM, by number of clients, and by number of users.

## **Item 6. Performance-Based Fees and Side-by-Side Management**

The Adviser and its investment personnel provide investment management services to multiple portfolios for multiple Clients. The Adviser or Aperture UK is entitled to be paid performance-based compensation by certain Client accounts, including with respect to Private Funds, a performance fee, and UCITS, a Variable Management Fee. Such performance-based compensation may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. In addition, certain Client accounts have higher asset-based fees or more favorable performance-based compensation arrangements than other accounts or have asset-based fees or performance-based compensation arrangements providing for payment to the Adviser at different times or over different time intervals. When the Adviser and its investment personnel manage more than one Client account a potential exists for one Client account to be favored over another Client account. The Adviser and its investment personnel have a greater incentive to favor Client accounts that pay the Adviser (and indirectly its investment personnel) higher fees, performance-based compensation (including Client accounts that are achieving higher relative performance for a particular performance fee measurement period and are therefore more likely to pay performance-based compensation to the Adviser), or compensation that is paid at different times or over different time intervals. The Adviser employs a wide range of investment objectives and strategies for its Clients. These differing objectives and strategies raise potential conflicts of interest. For example, the Adviser may buy a security for one Client account while it is selling that security for another Client account. In addition, the Adviser may cause one Client account to buy a particular security “long” and another Client account to sell that same security short. In specific instances, the Adviser’s strategies may result in buying and selling different securities and instruments within an issuer’s capital structure for different Clients. Accordingly, it is possible that one Client may acquire an instrument that is senior in the capital structure of an issuer relative to an instrument for a different Client that is more junior in the capital structure (including common stock). In certain circumstances, such as if the credit quality of the issuer deteriorates, the Adviser may owe conflicting fiduciary duties to multiple Clients, in that action taken to protect the interest of one set of holders may be detrimental to, or conflict with the interests of, other holders of that issuer’s securities or instruments. When the Adviser causes its Clients to take opposite positions with respect to a particular security or investment, or to invest in securities of an issuer with varying seniority in the issuer’s capital structure, actions taken by the Adviser for one set of Clients may disadvantage other sets of Clients. Further, in certain circumstances, Clients have overlapping investment objectives and investment strategies. Each Client will invest pursuant to its mandate, objective, liquidity, concentration, risk tolerance and other applicable parameters. There is no requirement that the Clients with similar investment strategies hold investments pro rata or otherwise hold or invest in securities on a “side-by-side” basis. The portfolio managers have broad authority to make investment decisions based on a host of portfolio construction preferences, including but not limited to, liquidity, issuer and geographic concentration, risk guidelines, counterparties, regulatory oversight, and tax treatment.

The Adviser manages multiple Client accounts, including accounts with different fee arrangements. The management of multiple Client accounts creates a conflict of interest because the Adviser may have an incentive to favor one Client account over another. Accordingly, the Adviser has adopted and implemented policies and procedures intended to address conflicts of interest that may arise relating to the management of multiple Client accounts. In particular, the Adviser reviews investment decisions for the purpose of ensuring that all Client accounts with substantially similar investment objectives are treated in accordance with the Adviser’s allocation policy. In addition, the Adviser’s procedures relating to the allocation of aggregated investment opportunities, excluding offerings, require that eligible Client accounts with the same or substantially similar investment mandates and strategies participate in investment opportunities pro rata based on the amount requested by each participating Client account; provided, however that the Adviser may allocate investment opportunities to such accounts on a non-pro rata basis due to a consideration of factors including but not limited to a Client’s investment objective and strategies, a Client’s risk profile, a Client’s tax status, applicable restrictions, including restrictions placed on the account by the Client or legal or regulatory restrictions, the size of the Client’s account, total portfolio invested position, net investment exposures, nature and liquidity of the of the security to be allocated, size of available position, supply or demand for a security at a given price level, current market conditions, timing of cash flows and account liquidity, significant anticipated funding to the account, or any other information determined to be relevant to the allocation of investment opportunities. Aperture, however, may aggregated orders but reserves its right to separate and prioritize the execution of orders relating to individual client inflows, client redemptions, the correction of guideline breaches, individual account rebalancing, and similar circumstances. Securities



received by the Adviser in connection with an offering of equity securities, including but not limited to initial public offerings, are generally allocated among eligible and participating accounts (i) first, to avoid dilutive effects of the offering on accounts with an existing position in the offered security; (ii) second, to accounts for which the offered security falls or is expected to fall within the account's "core mandate"; and (iii) thereafter, on a pro rata basis based on the amount requested by each participating account. The allocation of securities received in connection with an offering of fixed income securities among eligible and participating accounts will generally be allocated (i) first, to provide exposure protection not to exceed replacement capital; (ii) second, for accounts for which the debt is expected to fit the criteria to be included in the accounts market-based benchmark; (iii) thereafter, on a pro rata basis based on the amount requested by each participating account.

The Chief Compliance Officer may approve deviations from the Adviser's general policies and procedures with respect to the allocation of Client transactions.

**Item 7. Types of Clients**

The Adviser's Clients consist of the Private Funds and the UCITS.

With respect to the Adviser's Clients, any initial and additional investment minimums are disclosed in the Client's offering documents.

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

Aperture utilizes a variety of methods and strategies to make investment decisions and recommendations with the investment goal to produce long-term, risk-adjusted capital appreciation. Aperture selects investments for Clients based solely on investment considerations, including whether the investments are suitable for the Client and consistent with the Client's investment objectives and guidelines. Aperture may give advice and take actions in the performance of its duties to certain Clients that differ from the advice given, or the timing and nature of actions taken, with respect to other Clients' accounts. A number of Aperture's strategies are listed below. The various strategies can be implemented via various investment vehicles.

***International Equities Strategy:*** seeks a return in excess of the MSCI ACWI ex-US Index (net). The strategy seeks to achieve its objective primarily by taking long and short positions in equity securities. The strategy focuses on securities economically tied to non-US companies, including emerging markets companies. The investment strategy is rooted in analysis of identifying trends and innovations that underpin secular growth opportunities, in-depth fundamental research on innovative companies that may benefit from growth trends, and attempting to purchase stocks when long-term prospects are under-appreciated or are negatively impacted by short-term events.

***Global Equity Investment Strategy:*** seeks a return in excess of the MSCI ACWI hedged to USD Net Total Return Index. The strategy seeks to achieve its objective primarily by taking long and short positions in equity securities of companies of any market capitalization and may invest in U.S. and non-U.S. (including both developed and emerging market) companies. In order to research and arrive at a differentiated viewpoint, the Adviser undertakes diligence that involves reading of company and industry-related materials as well as meetings with management teams, all supplemented by the running of proprietary data-driven screens.

***European Equity Investment Strategy:*** seeks a return in excess of the MSCI Europe Net Total Return EUR Index by targeting European companies experiencing or likely to experience significant inflection in their businesses and markets driven by innovation. The Adviser analyzes the European market through the lens of innovation in order to find what the Adviser believes are the best investments for the strategy.

***European Small Cap Investment Strategy:*** seeks to generate superior long-term risk adjusted returns in excess of the MSCI Europe Small Cap Net TR EUR Index by investing in a portfolio exposed essentially to European small cap equities and equity-related instruments. The Adviser analyzes the European market through the lens of innovation in order to find what the Adviser believes are the best investments for the strategy.

***North American Small Cap Equity Strategy:*** seeks a return in excess of the Russell 2000 Total Return Index. The strategy seeks to achieve its objective primarily by taking long and short positions in equity securities of companies that the Adviser believes are undergoing transformational change. Rather than building a diversified portfolio and screening out low-quality companies, the Adviser constructs a focused portfolio consisting only of its best ideas, typically companies experiencing acceleration in revenue growth, improved returns, and cash flow generation.

***Long-Short Credit Strategy:*** is a portfolio of global, liquid credit instruments reflecting a combination of bottom-up fundamental analysis and quantitative techniques to pursue returns with reduced correlation and drawdown risk throughout the market cycle. The Adviser uses fundamental analysis as well as quantitative tools to identify opportunities for idiosyncratic returns across the universe of global credit while taking what the Adviser believes to be limited draw-down risk.

***Emerging Markets Investment Strategy:*** seeks total return, consisting of current income and capital appreciation. The strategy focuses on emerging market countries where there are attractive risk-adjusted investment opportunities relative to those in developed countries primarily investing in fixed income securities, foreign currencies, and equity securities. The strategy benchmark is the Bloomberg Barclays EM USD Aggregate 1-5 Year Total Return Index. The strategy focuses on capital preservation in its fundamental portfolio and focuses on alpha generation through its tactical portfolio.

***Short Duration Investment Strategy:*** seeks a return in excess of the ICE BofAML 1-3 Year BB-B US Cash

Pay High Yield Index (with EUR/hedged selections). The Adviser uses fundamental analysis as well as quantitative tools to identify opportunities for idiosyncratic returns across the universe of global credit while taking what the Adviser believes to be limited draw-down risk.

### **Summary of Certain Risk Factors**

Investing in securities involves risk of loss that Clients should be prepared to bear. All investments in securities include the risk of loss of your principal (invested amount) and any profits that have not been realized. Aperture cannot guarantee any level of performance or that you will not experience a loss of your account assets. Most of Aperture's investments are in securities of companies that will always be subject to the general risk of overall stock market declines. In addition, securities selected by Aperture may decline in value even when the overall market is not in a general decline. As with all Funds, there is no guarantee that the Funds will achieve their investment objectives. You could lose money by investing in the Funds.

The following is a summary of certain of the more significant risks associated with Aperture's investment strategies. Please see the constituent documents of each Fund, including relevant sections on risk factors and conflicts of interest, for more detailed and specific information regarding the principal risks applicable to individual Funds.

#### ***General Risks.***

An investment in the Funds involves a high degree of risk. There can be no assurance that the Funds' investment objectives will be achieved or that investors will not lose all or substantially all of their investment in the Funds.

***Potential Loss of Investment.*** There is a risk that an investment in the Funds will be lost entirely or in part. A Fund is not a complete investment program and should represent only a portion of an investor's portfolio management strategy.

***Devotion of Time.*** The Adviser and its affiliates manage multiple Funds and devote substantial time and resources to doing so. Certain employees of the Adviser have substantial other business ventures to which they devote a material portion of their time.

***Competition.*** The Adviser competes with numerous other investment funds and financial institutions (both diversified and specialized funds), as well as other investors, many of which have substantially greater resources than the Adviser.

***Systems Failure.*** The Adviser's strategies will be dependent to a significant degree on establishment and proper functioning of relationships with third-party service providers, including third-party or "outsourced" traders, and the internal and external systems established for the Funds' activities. On a daily basis, the Funds will rely heavily on third-party service providers and third-party financial, accounting and other data and information technology systems to execute trades and settle transactions across numerous and diverse markets and to evaluate certain securities, monitor its portfolio and capital, and generate risk management and other reports that are critical to oversight of the Funds' activities. Despite conducting reasonable due diligence on third-party service providers, the Adviser may not be in a position to verify the risks or reliability of such third parties or third-party systems. Accordingly, systems failures, whether due to the failure of third parties upon which such systems are dependent or the failure of the Adviser's hardware or software, could disrupt trading or make trading impossible until such failure is remedied. Any such failure, and consequential disruption in the Funds' operations, including the inability to trade (even for a short time), could, in certain market conditions, cause significant trading losses, missed opportunities for profitable trading, financial loss, liability to third parties, regulatory intervention or reputational damage. Any such failures also could cause a temporary delay in reports to investors.

***Vendors.*** Employees of the Adviser may be board members of, or invest in, companies engaged in providing services to the Adviser or the Funds, which may create an incentive for such Employees to direct the Adviser or the Funds to engage the company for services to be rendered. Employees are required to disclose outside business activities to the Chief Compliance Officer, or his designee, and vendors are reviewed for conflicts of interest to ensure that the services rendered are necessary and allowable, in accordance with the Adviser's fiduciary duty.

**Regulatory Risks.** Regulation by the SEC, Commodity Futures Trading Commission (“CFTC”) or another regulatory body (whether promulgated under securities laws or any other applicable law) and regulatory oversight of and changes in law applicable to investment funds and their managers may impose operational burdens on the Adviser in addition to implementing policies and procedures, including, without limitation, responding to examinations and other regulatory inquiries. Such operational burdens may divert the Adviser’s time, attention and resources from portfolio management activities, could prevent the Funds from executing on the investment strategy, may impact the Funds’ ability to raise additional capital or may result in additional liability for the Funds.

The legal and regulatory environment worldwide investment funds and their managers is evolving. Changes in the regulation of investment funds, their managers, and their trading and investing activities may have a material adverse effect on the ability of the Funds to pursue its investment program or the value of securities held by the Funds. There has been an increase in scrutiny of the investment fund industry by governmental agencies and self-regulatory organizations over the past decade. New laws and regulations or actions taken by regulators that restrict the ability of the Funds to pursue its investment program or engage in transactions with certain counterparties could have a material adverse effect on the Funds. In addition, the Adviser may, in its sole discretion, cause the Funds to be subject to certain laws and regulations if it believes that an investment or business activity is in the Funds’ interest, even if such laws and regulations may have a detrimental effect on investors.

**Risk of Litigation.** In the ordinary course of business, the Adviser or the Funds may be subject to litigation from time to time. In addition, the Funds may accumulate substantial positions in the securities of issuers that become involved in proxy contests or other litigation. As a result of such investments, the Funds could be named as a defendant in a lawsuit or regulatory action. The outcome of such proceedings may be impossible to predict, and such proceedings may continue without resolution for long periods of time, ultimately resulting in material losses for the Funds. Any litigation may consume substantial amounts of the Adviser’s time and attention, and such time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

**Cybersecurity Risk.** The Adviser, its service providers, its counterparties and other market participants on whom the Adviser relies increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and/or its investors, despite the efforts of the Adviser, its service providers, its counterparties and other market participants on whom the Adviser relies to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds and/or its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of or prevent access to these systems of the Adviser, its service providers, its counterparties and other market participants on whom the Adviser relies or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of systems to disclose sensitive information in order to gain access to the Adviser’s data or that of its investors. A successful penetration or circumvention of the security of the Adviser’s systems or the systems of the Adviser’s service providers, counterparties or other market participants on whom the Adviser relies 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, the Adviser, their service providers, their counterparties and other market participants on whom the Adviser relies to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. Similar types of operational and technology risks are also present for certain of the Funds’ investments, which could have material adverse consequences for such investments, and may cause the Funds’ investments to lose value.

**Governance.** Due to regulatory or other considerations applicable to one of the ultimate beneficial owners of the Adviser, the Adviser is subject to policies which may, in certain circumstances, prevent the Adviser from employing certain counterparties or research providers in respect of the Funds and their investment processes. Further, such policies also can prevent the Adviser from directing the Funds to invest in certain

issuers. As a result, the Funds may be forced to forego certain investment opportunities or counterparties that would otherwise be determined by the Adviser to be appropriate for the Funds or may not receive the benefit of certain research in respect of the Adviser's portfolio management decision-making. Additionally, the Adviser is governed by an eight-member board of managers, six of which are independent. Operational decisions made by the board of managers may impact the Funds.

***Force Majeure.*** The Adviser and the Funds may be affected by force majeure events (*i.e.*, events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemics or any other serious public health concern, war, terrorism, labor strikes, major plant breakdowns, pipeline or electricity line ruptures, failure of technology, defective design and construction, accidents, demographic changes, government macroeconomic policies, social instability, etc.). Investment advisory activities and the Funds' operations could be adversely affected by such events outside of the Adviser's control. The Adviser, the Funds, their service providers and counterparties may incur expenses, delays, or interruption of critical business functions relating to such events outside of their control, which could have adverse impacts on their respective investment advisory businesses. Such adverse impacts could, in turn, adversely affect the performance of the Funds.

### **Market Related Risks**

***Market Risks in General.*** The prices of and the income generated by the Funds' securities may decline in response to, among other things, investor sentiment, general economic and market conditions, regional or global instability, and currency and interest rate fluctuations. In addition, the impact of any epidemic, pandemic or natural disaster, or widespread fear that such events may occur, could negatively affect the global economy, as well as the economies of individual countries, the financial performance of individual companies and sectors, and the markets in general in significant and unforeseen ways. Any such impact could adversely affect the prices and liquidity of the securities and other instruments in which the Funds invests, which in turn could negatively impact the Funds' performance and cause losses on your investment in the Funds. Market risk may affect a single issuer, an industry, a sector or the equity or bond market as a whole.

***Interest-Rate and Foreign Exchange-Rate Risks.*** The prices of the instruments held by the Funds will likely be sensitive to interest-rate and, in certain circumstances, foreign exchange-rate fluctuations; such fluctuations could cause the U.S. dollar value of long and short positions to move in unanticipated directions. To the extent that interest-rate and foreign exchange-rate assumptions underpin the hedging of a particular position, fluctuations in rates could invalidate those underlying assumptions and expose the Funds to losses. The Funds are not obligated to hedge exposure to any risks, including, without limitation, interest-rate and foreign exchange-rate risks.

***Volatility.*** The prices of certain instruments that may be traded by the Funds have been subject to periods of volatility in the past, and such periods can be expected to continue or recur. Price movements are influenced by many unpredictable factors, such as market sentiment, inflation rates, interest rate movements or general economic and political conditions. As the Adviser expects to leave a variety of risks in the Funds' portfolio unhedged, investors should expect that the Funds will likely be susceptible to short-term market volatility.

***Market Disruptions; Governmental Intervention.*** The global financial markets have recently gone through pervasive disruptions that have led to extensive governmental intervention; these interventions in some ways mimic interventions that have occurred during prior market disruptions. Such intervention has in certain cases been 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—as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action—these interventions have sometimes been unclear in scope and application, resulting in confusion and uncertainty, which in itself has been materially detrimental to the efficient functioning of the markets, as well as previously successful investment strategies.

The Funds may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Funds from its banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the Funds. Market disruptions may from time to time cause dramatic losses for the Funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Market disruptions may result from any number of causes, including, but not limited to, the revelation of underlying weaknesses in the economy (e.g., credit crisis, subprime mortgage meltdown, etc.), political action and policy changes (e.g., central bank monetary policy, trade negotiations and changes to tariffs, withdrawal from pacts or agreements with other countries, implementation of sanctions, etc.), natural disasters, terrorist events, threats of or actual war, pandemics or other events.

***Institutional and Counterparty Risk.*** Institutions, such as brokerage firms, banks and broker-dealers, generally have custody of the Funds' portfolio assets and may hold such assets in "street name". The Funds are subject to the risk that these firms and other brokers, counterparties or clearinghouses with which the Funds deal may default on their obligations to the Funds. Any default by any of such parties could result in material losses to the Funds. Bankruptcy or fraud at one of these institutions could also impair the operational capabilities or the capital position of the Funds. In addition, securities and other assets deposited with custodians or brokers may not be clearly identified as being assets of the Funds, causing the Funds to be exposed to a credit risk with regard to such parties. The Funds generally will only be an unsecured creditor of its trading counterparties in the event of bankruptcy or administration of such counterparties. In some jurisdictions, the Funds may also only be an unsecured creditor of its brokers in the event of bankruptcy or administration of such brokers. The Funds attempt to limit its brokerage and custody transactions to well capitalized and established banks and brokerage firms in an effort to mitigate such risks, but the collapse in 2008 of the seemingly well capitalized and established Bear Stearns and Lehman Brothers demonstrates the limits on the effectiveness of this approach in avoiding counterparty losses.

The Funds may effect transactions in OTC or "interdealer" markets. The participants in such markets are typically not subject to the same level of 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. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Adviser has concentrated its transactions with a single or small group of counterparties.

In addition to the risk of a counterparty or broker defaulting, there also is the risk that major institutional investors in the Funds may be compelled to withdraw or redeem or that the Funds' counterparties or brokers will be required to restrict the amount of credit previously granted to the Funds due to their own financial difficulties, resulting in forced liquidation of substantial portions of the Funds' portfolio.

Past events surrounding the bankruptcies or similar proceedings with respect to various parties have demonstrated the risk that assets which an investor such as the Funds believed were custodial under statutory and regulatory protections could be subject to various risks and not subject to certain protections. The banks or brokerage firms selected to act as the Funds' custodians may become insolvent, causing the Funds to lose all or a portion of the funds or securities held by those custodians.

***Liquidity Risk.*** The Funds will be subject to the risk that certain securities held in its portfolio may be difficult or impossible to sell at the time and price that the Funds would like. The Funds may have to lower the price of the security, sell other securities instead or forego an investment opportunity, any of which could have a negative effect on the Funds' management or performance. Liquidity risk may be heightened in the smaller capitalization companies in which the Funds invest or when the Funds trade in instruments for which there are fewer dealers who buy or sell such instruments, as a result of the fact that there is generally reduced trading volume for such companies.

## **Risks Relating to the Funds' Strategies**

**Active Management Risk.** The Funds are subject to the risk that the Adviser's judgments about the attractiveness, value, creditworthiness or potential price movements of the Funds' investments may prove to be incorrect. If the investments selected and strategies employed by the Funds fail to produce the intended results, the Funds could underperform in comparison to other funds with similar objectives and investment strategies.

**Long/Short Investing.** The success of a long/short investment strategy that the Funds will pursue depends upon the Adviser's ability to identify and take long positions in respect of securities that are undervalued and identify and take short positions in respect of positions that are overvalued. The identification of investment opportunities in the implementation of a long/short investment strategy is subject to substantial uncertainties, and there can be no assurances that such opportunities will be successfully identified and implemented. If the Funds' positions fail to converge toward, or were to diverge further from, values expected by the Adviser, the Funds will likely incur losses.

**Fundamental Analysis.** Investment decisions made by the Adviser will be based on, among other factors, fundamental analysis conducted by the Adviser's personnel. Information on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. If any such data is inaccurate or other market participants have developed investment ideas similar to the Adviser's, the Funds' performance may be negatively impacted. Fundamental information regarding issuers is subject to interpretation. To the extent that the Adviser incorrectly interprets fundamental information regarding the Funds' investments or to the extent that such information is incomplete, the Funds' investment positions may result in losses. Finally, even if the Adviser's analysis is ultimately correct, there can be no guarantee that a position held by the Funds will reach its target price due to investor sentiment or other conditions in the market.

**Investment and Research Process.** Before making investments, the Adviser conducts due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting research, the Adviser may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. When conducting research and making an assessment regarding an investment, the Adviser relies on the resources reasonably available to it, which in some circumstances whether or not known to the Adviser at the time, may not be sufficient, accurate, complete or reliable. Research may not reveal or highlight matters that could have a material adverse effect on the value of any investment made by the Funds, resulting in losses.

**Uncertainty of Financial Projections.** The Adviser will use financial projections to help analyze potential investments. Projected operating results will be based on a combination of management commentary, analyst reports, third-party research sources and the Adviser's proprietary research and analysis. In all cases, projections are only estimates of future results that are based upon the Adviser's research, modeling and assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained by the relevant issuers, and an issuer's actual results may vary significantly from the projections. General economic conditions or force majeure events, which are not predictable, can also result in material deviations from such financial projections.

**Concentration.** Certain Funds will generally concentrate its portfolio in securities and other instruments that fall within a benchmark index (but may also invest in issuers outside of a benchmark index). From time to time the number of positions held by the Funds may be limited or a limited number of positions may constitute a majority of the Funds' portfolio exposure. The Funds' concentration will cause the Funds to be less diversified and presumably more vulnerable to the risk of major losses than if it had a more diversified strategy.

Although the Adviser anticipates managing the Funds in a manner consistent with certain risk parameters, such parameters may change over time and investors should not invest in the Funds in reliance on such risk parameters. During any time in which concentration exists within the Funds' portfolio, losses incurred in a single position, in a limited group of positions or with respect to a single issuer, sector, industry or macro theme will likely have an adverse effect on the Funds' overall financial condition that might otherwise be mitigated if the Funds had a more diversified portfolio. If the Adviser seeks to invest a significant portion of



the capital of the Funds in a concentrated group of positions, an investment in the Funds may behave substantially similar to a direct investment in such positions.

***Directional Investments.*** Most of the positions that will be taken by the Funds will be designed to profit from forecasting absolute price movements in a particular instrument. Predicting future prices is inherently uncertain and the losses incurred, if the market moves against a position or sector, will often not be hedged. The speculative aspect of attempting to predict absolute price movements is generally perceived to exceed that involved in attempting to predict relative price fluctuations.

***Spread Trading Risks.*** A part of the Adviser's trading operations may involve the Funds entering a transaction to realize gains from spread movements between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the positions may occur. In addition, such positions entail substantial risk that the price differential could change unfavorably, causing a loss to the spread position. Particularly in periods of low market volatility, such investment strategies may have materially diminished prospects for profitability.

***Arbitrage Transaction Risks.*** Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. The Funds will employ these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent the Funds are employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads," which can also be identified and reduced or eliminated by other market participants.

***Availability of Investment Opportunities.*** There can be no assurance that the Adviser will be able to find suitable opportunities consistent with its investment approach. Market conditions may limit the availability of suitable investment opportunities in the Adviser's view. Such limitations may cause delays in deploying the Funds' capital, result in undesired concentration and may negatively impact the Funds' returns.

***Long-Term Investment Strategy Risk.*** Under normal circumstances, certain Funds intend to hold certain securities for long periods. This investment style may cause the Funds to lose money or underperform compared to a benchmark index or certain credit indices over the short or medium terms. The Funds also may underperform in the long term even though it intends to hold securities for long periods. An investment in the Funds may be more suitable for long-term investors who can bear the risk of short-term and medium-term fluctuations in the value of a Fund's portfolio.

***Reliance on Corporate Management, Financial Reporting and Third-Party Research Service Providers.*** The Adviser will rely on the financial information made available by the issuers in which the Funds will invest. The Adviser also relies on information obtained from other third-party research service providers regarding financial, economic, business and market conditions, factors and trends, including providers of "alternative data." The Adviser has no ability to independently verify the financial or other information disseminated by the third-party research service providers (even though the Adviser expects to diligence such third-party research providers prior to onboarding) and the numerous issuers in which the Funds may invest. As a result, the Adviser is dependent upon the integrity of the management of these issuers and the financial reporting process in general, as well as the reliability of other research service providers of information. Corporate mismanagement, fraud and accounting irregularities relating to the issuers of investments held by the Funds or other errors in information sources utilized by the Adviser may result in material losses. Equity prices are particularly vulnerable to corporate mismanagement.

***Use of Alternative Data.*** The analysis and interpretation of alternative data involves a high degree of uncertainty and may entail significant expense which may be borne by the Funds. The use of alternative data involves an inherent risk that the Adviser may rely on data outputs that reflect faulty system logic or that are based on inaccurate or incomplete data inputs. Moreover, there has been increased scrutiny from a variety of regulators regarding the use of alternative data for investment purposes, and its use or misuse under current or future laws and regulations could create liability for the Adviser or the Funds in various jurisdictions. In addition, any future limitations on the use of alternative data could have an adverse impact on the performance of the Funds.

***Risks Associated with Use of AI.*** In line with advances in computing technology and data analytics, there

has been an increasing trend towards utilizing artificial generative intelligence, large language models, machine learning, artificial neural networks, artificial narrow intelligence, or similar tools, models and systems generally referred to as “alternative intelligence” (collectively, “**AI Tools**”) as part of portfolio management, trading, portfolio risk management and other applications in the investment management processes used by various market participants. The Adviser utilizes AI Tools in connection with managing the Funds and certain vendors and counterparties of the Funds, including third-party research providers, may use AI Tools. Although AI Tools have certain advantages and benefits for various applications, investors considering an investment in the Funds should also be aware of some of the risks to the Funds that derive from the usage of AI Tools. In particular, many AI Tools are relatively recent developments and may be subject to one or more undetected errors, defects or security vulnerabilities. Some errors may be discovered only after an AI Tool has been used by end customers or after substantial operations in the marketplace. Any exploitable errors or security vulnerabilities discovered after such AI Tools are in widespread operation could result in substantial loss of revenues or assets, or material liabilities or sanctions.

**Reliance on Experts.** The Adviser may engage and retain strategic advisors, consultants, senior advisors and other similar professionals, including members of “expert networks” who are not employees or affiliates of the Adviser and/or its affiliates and which may include former senior officials, and other high-profile political figures, including persons known to be close associates of such individuals. The nature of the relationship with each of these professionals and the amount of time devoted or required to be devoted by them may vary considerably. In certain cases, they may provide the Adviser with industry- or jurisdiction- specific insights and feedback on investment themes, assist in transaction due diligence, make introductions to or provide reference checks on management teams. In other cases, they may take on more extensive roles and contribute to the origination of new investment opportunities. In certain instances, the Adviser may have formal arrangements with these professionals (which may or may not be terminable upon notice by any party), and in other cases the relationships may be more informal.

There can be no assurance that any of the consultants and/or other professionals will continue to serve in such roles and/or continue their arrangements with the Adviser throughout the term of the Funds. Further, in the event that material non-public information is obtained by such persons, the Funds may become (or may elect to become) subject to trading restrictions pursuant to the internal trading policies of the Adviser or as a result of applicable law or regulations or be prohibited for a period of time from purchasing or selling financial instruments, which prohibition may have an adverse effect on the Funds. The Funds and the Adviser may also become subject to legal, regulatory, reputational and other unforeseen risks as a result of these professionals’ high-profile positions.

**Lack of Control.** The Funds invest in securities of companies that it does not control. The Funds will be subject to the risk that the issuer may make business, financial or management decisions with which the Funds does not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve the Funds’ interests in holding such positions.

**Equitable Subordination.** Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called “equitable subordination”). If the Funds engage in such conduct, the Funds may be subject to claims from creditors of an obligor that debt held by the Funds should be equitably subordinated.

**Credit Ratings.** In general, the credit rating assigned by a nationally recognized rating agency to a security represents such rating agency’s opinion of the safety of the principal and interest payments of the rated instrument based on available information. Such ratings are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of such securities. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. Further, credit ratings may change over time due to various factors, including changes in the creditworthiness of the issuer and/or changes in the rating agency’s analytics and processes. It is possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events and, as a result,

outstanding ratings may not reflect the issuer's current credit standing. The Funds may incur losses if it makes investments based on credit ratings that subsequently change in a way not favorable to the Funds' investment objective.

**Geographic Focus Risk.** To the extent that it focuses its investments in a particular country or geographic region, the Funds may be more susceptible to economic, political, regulatory or other events or conditions affecting issuers and countries within that country or geographic region. As a result, the Funds may be subject to greater price volatility and risk of loss than a fund holding more geographically diverse investments.

**Foreign Investment Risk.** The risk that non-U.S. securities may be subject to additional risks due to, among other things, political, social and economic developments abroad, currency movements and different legal, regulatory and tax environments. In addition, periodic U.S. Government restrictions on investments in issuers from certain foreign countries may require the Funds to sell such investments at inopportune times, which could result in losses to the Funds.

**Emerging Markets Risk.** The Funds may invest in securities located in emerging markets. Such securities may involve a higher degree of risk than securities issued by companies located in more developed markets. Particular risks of emerging markets include: (i) greater risk of expropriation, confiscation, taxation, nationalization, and social, political and economic instability; (ii) the small current size of the markets for securities of emerging markets issuers; (iii) low or non-existent volumes of trading which can result in lack of liquidity and price volatility; (iv) certain national policies which may restrict the investment opportunities available in respect of the Funds, including restrictions on investing in issuers or industries deemed sensitive to relevant national interests; and (v) the absence of developed legal structures governing private or foreign investment and private property.

**General Sanctions Risks.** Like all investors, the Funds are subject to laws that restrict it from dealing with entities, individuals, organizations and/or in investments which are subject to applicable sanctions regimes. Such sanctions regimes may be broad in their application and the interpretation of the application of such regimes may require a substantial degree of subjective judgment, forcing the Funds to either cease certain trading activities or risk violating a sanctions regime. If an investment made by the Funds subsequently becomes subject to applicable sanctions, the Funds may be required, without notice to investors, to divest from such investment or otherwise cease any further dealings in that investment until the applicable sanctions are lifted or a license is obtained under applicable law to continue such dealings. Any such sanctions could have an adverse effect on the value or liquidity of such investments. In certain cases, the imposition of sanctions may require the Funds to liquidate investments at disadvantageous prices or result in the Funds being unable to liquidate its investments or incur a fine or another penalty.

**Portfolio Turnover Risk.** Due to its investment strategy, the Funds may buy and sell securities frequently. This may result in higher transaction costs and additional capital gains tax liabilities, which may affect the Funds' performance.

**Financing Arrangements; Availability of Credit.** Any use of leverage by the Funds will depend on the availability of credit in order to finance its portfolio. There can be no assurance that the Funds will be able to maintain adequate financing arrangements under all market circumstances. 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 in 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 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 part of its portfolio at disadvantageous prices. The financing available to the Funds from banks, dealers and other counterparties is likely to be restricted in disrupted markets.

**Material Non-Public Information.** From time to time, the Adviser could come into possession of what it reasonably believes may be viewed as material non-public information concerning the issuer of the Funds' investment or any of such issuer's affiliates. Under applicable securities laws, this may limit the Adviser's

flexibility to buy or sell such investment for the Funds and other accounts and funds managed by the Adviser. Such limitations on the Adviser's ability to trade could have an adverse effect on the Funds. Although the Adviser has adopted procedures to monitor the receipt of material non-public information, there is no guarantee that the Adviser will know whether an employee of the Adviser is in possession of material non-public information or will be able to prevent such information from being used for the benefit or detriment of the Funds.

**Insider Status.** The acquisition by the Funds of more than 10% of the equity securities of a public company or the service by the Adviser or any other officer or employee of the Adviser as an executive officer or director of a company may subject the Fund to liability for "short-swing profits" under Section 16(b) of the Securities Exchange Act of 1934 (the "Exchange Act"). Under Section 16(b), holders of more than 10% of any class of equity securities of a company registered under Section 12 of the Exchange Act and certain officers and directors of such issuer are prohibited from any purchase and sale, or any sale and purchase, of any equity or derivative security of such issuer within any period of less than six months. If the Funds engage in a transaction that results in short-swing profits, the Funds may be required to return the amount of such profit to the issuer, which could adversely affect the overall return on investment realized by the Funds. Measures to avoid short-swing liability may limit the ability of the Funds to buy or sell securities of the relevant portfolio company or companies.

Antitrust or other regulatory complications may result in filing fees and other additional expenses and may adversely affect the Funds' ability to acquire or dispose of investment positions.

**No Material Restrictions.** The Private Funds opportunistically implement whatever strategies the Adviser believes from time to time may be best suited to prevailing market conditions and to the Adviser's investment approach, without material restrictions. Such strategies may involve higher levels of risk than the ones discussed herein. There can be no assurance that the Adviser will be successful in applying any strategy to the Private Funds' investing.

**Evolving and New Investment Approaches.** The Adviser's investment approach, process and techniques will be continually evolving. The strategies and approaches developed by the Adviser may not be successful and the resources devoted to the implementation of new approaches or strategies may diminish the effectiveness of the Adviser's implementation of the Adviser's established approaches or strategies.

### **Risks Relating to Instruments Traded**

**Equity Market.** Investments in equity securities are subject to the risk that stock prices will fall over short or extended periods of time. Historically, the equity markets have moved in cycles, and the value of a Fund's securities may fluctuate drastically from day to day. Individual companies may report poor results or be negatively affected by industry and/or economic trends and developments. The prices of securities issued by such companies may suffer a decline in response. In the case of foreign stocks, these fluctuations will reflect international economic and political events, as well as changes in currency valuations relative to the U.S. dollar. These factors contribute to price volatility, which is a principal risk of investing in a Funds.

**Large Capitalization Risk.** The risk that larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in technology and consumer tastes. Larger companies also may not be able to attain the high growth rates of successful smaller companies.

**Small and Medium Capitalization Risk.** The risk that small and medium capitalization companies in which the Funds may invest may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, small and medium capitalization companies may have limited product lines, markets and financial resources and may depend upon a relatively small management group. Therefore, small capitalization and medium capitalization stocks may be more volatile than those of larger companies. Small capitalization and medium capitalization stocks may be traded OTC. OTC stocks may trade less frequently and in smaller volume than exchange listed stocks and may have more price volatility than that of exchange-listed stocks.

**Initial Public Offering ("IPO") Risk.** The market value of shares issued in an IPO may fluctuate considerably due to factors such as the absence of a prior public market, unseasoned trading, the small number of shares

available for trading and limited information about a company's business model, quality of management, earnings growth potential, and other criteria used to evaluate its investment prospects. Accordingly, investments in IPO shares involve greater risks than investments in shares of companies that have traded publicly on an exchange for extended periods of time. Investments in IPO shares may also involve high transaction costs, and are subject to market risk and liquidity risk, which are described elsewhere in this section.

**Debt Securities.** Debt securities of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

**Investment-Grade Debt.** Investment-grade debt securities are investment-grade rated obligations that have credit ratings that are intended to reflect (but will not necessarily reflect) relatively less credit and liquidity risk than high-yield debt securities or mezzanine debt securities. Risks of investment grade debt securities may include (among others): (i) market place volatility resulting from changes in prevailing interest rates; (ii) the absence, in many instances, of collateral security; (iii) the operation of mandatory sinking fund or call/redemption provisions during periods of declining interest rates that could cause the Funds to reinvest premature redemption proceeds in lower-yielding debt obligations; and (iv) the declining creditworthiness and the greater potential for insolvency of the issuer of such investment grade debt securities during periods of rising credit spreads and/or interest rates and/or economic downturn.

**Corporate Debt Obligations and High Yield Securities.** The Funds may invest in bonds or other fixed-income securities, including "higher-yielding" (including non-investment-grade) debt securities. The market value of debt securities generally tends to decline as interest rates increase and, conversely, increase as interest rates decline. Debt obligations are subject to the risk of an issuer's inability to meet principal and interest payments on the obligations (i.e., credit risk). Because "high yield" bonds and securities are rated in the lower rating categories by the various credit rating agencies, such securities result in greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominately speculative. They are also generally considered to be subject to greater risk than securities with higher ratings because the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities and the market for lower-rated securities is thinner and less active.

Additionally, such securities are generally not exchange traded and, as a result, these financial instruments trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. In addition, the Funds may invest in bonds of issuers that do not have publicly-traded equity securities, making it more difficult to hedge the risks associated with such investments. Also, the market for credit spreads is often inefficient and illiquid, making it difficult to accurately calculate discounting spreads for valuing financial instruments. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. High-yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer's assets. High-yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities may be highly leveraged and may not have available to them more traditional methods of financing.

**Contingent Convertible Bonds.** The Funds may invest in CoCos issued by financial institutions. CoCos are a hybrid of bank equity and debt, and are typically subordinated to all other debt in a bank's capital structure (including senior debt). Coupons on CoCos are entirely discretionary and may be suspended or cancelled by a financial institution at any time without such suspension or cancellation qualifying as an event of default. While CoCos are technically bonds, they maintain a contractual structure under which the debt may be converted into equity or written down to zero (or only in part) upon certain "triggering events", such as a bank's capital ratio falling under a certain threshold or the exercise of discretion of the bank's regulator. Upon a triggering event, CoCos are either converted into equity or written down to zero (or only in part) in an effort to restore the bank's capital ratio to an acceptable level. A triggering event with respect to an issuer of CoCos

could cause the issuer's CoCos to lose some or all of their value, and could adversely affect the value of the Funds' assets. It may be difficult to predict the likelihood of a triggering event occurring. In addition, due to the possibility of conversion or loss absorption, CoCos share risks typically associated with equity securities. In theory, certain CoCos could be written down to zero while shareholders retain equity, upending the traditional distinction between debt and equity. Different risks may be associated with different CoCos. Further, the risks associated with investing in CoCos may not be fully appreciated at this time, as CoCos are a relatively new type of instrument that have not yet been tested in a market crisis.

**Mezzanine Debt.** It is expected that the Funds will have direct or indirect exposure to mezzanine debt. Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors and employees. The ability of the Funds to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors.

**Structured Credit Products.** Structured credit products are subject to prepayment, credit, liquidity, market, structural, legal and interest risks, among others. The performance of a structured credit product is affected by a variety of factors, including the level and timing of the payments and recoveries on the underlying assets and the adequacy of the related collateral. For example, synthetic portfolio transactions may be structured with two or more classes of tranches that receive different proportions of the interest and principal distributions on a pool of credit assets. The yield to maturity of a tranche may be extremely sensitive to the rate of defaults in the underlying reference portfolio. A rapid change in the rate of defaults may have a material adverse effect on the yield to maturity. It is therefore possible that the Funds may incur losses on its investments in structured products regardless of their ratings. Additionally, the securities in which the Funds are authorized to invest include securities that are subject to legal or contractual restrictions on their resale or for which there is a relatively inactive trading market. Securities subject to resale restrictions may sell at a price lower than similar securities that are not subject to such restrictions.

**Loans.** The Funds may invest in loans that are subordinate to other debt of the borrower. If a borrower defaults on the Funds' loans or on debt senior to the Funds' loans, or in the event of a borrower bankruptcy, the Funds' loans will be satisfied only after the senior debt is paid in full. Where debt senior to the Funds' loans exists, the presence of intercreditor arrangements may limit the Funds' ability to amend its loan documents, assign its loans, accept prepayments, exercise its remedies (through "standstill periods") and control decisions made in bankruptcy proceedings relating to borrowers.

**Loan Participations and Assignments.** The Funds may invest in loans acquired through assignment or participations. In purchasing participations, the Funds will usually have a contractual relationship only with the selling institution, and not the borrower. The Funds generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor will it have the right to object to certain changes to the loan agreement agreed to by the selling institution. The Funds may not directly benefit from the collateral supporting the related secured loan and may not benefit from any rights of set-off the selling institution has against the borrower.

In addition, in the event of the insolvency of the selling institution, under the laws of certain jurisdictions, the Funds may be treated as a general creditor of such selling institution, and may not have any proprietary, exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the secured loan. Consequently, the Funds may be subject to the credit risk of the selling institution as well as of the borrower. Differing jurisdictions may present additional legal risks relating to the characterization of such participation in the event of the insolvency of either the selling institution or the borrower.

There are varying sources of statistical default rate data for term bank debts and numerous methods for measuring default rates. The historical performance of the term debt market is not necessarily indicative of its future performance. Should increases in default rates occur with respect to the type of collateral securing the bank loans in which the Funds may invest, the actual default rates of the bank loans held by the Funds may exceed the hypothetical default rates used in determining whether to purchase such bank debt.

**Sovereign Debt.** Several factors may affect (i) the ability of a government, its agencies, instrumentalities or its central bank to make payments on the debt it has issued, including securities that the Adviser believes are likely to be included in restructurings of the external debt obligations of the issuer in question, (ii) the market value of such debt and (iii) the inclusion of sovereign debt in future restructurings, including such

issuer's (x) balance of trade and access to international financing, (y) cost of servicing such obligations, which may be affected by changes in international interest rates, and (z) level of international currency reserves, which may affect the amount of exchange available for external debt payments. Significant ongoing uncertainties and exposure to adverse conditions may undermine the issuer's ability to make timely payment of interest and principal, and issuers may default on their sovereign debt.

**Synthetic Securities.** In addition to the credit risks associated with holding senior bank loans and high-yield debt securities, with respect to synthetic securities, the Fund will usually have a contractual relationship only with the counterparty of such synthetic security, and not with the reference obligor of the reference obligation. The Fund generally will have no right to directly enforce compliance by the reference obligor with the terms of the reference obligation nor will it have any rights of setoff against the reference obligor or rights with respect to the reference obligation. The Fund will not directly benefit from the collateral supporting the reference obligation and will not have the benefit of the remedies that would normally be available to a holder of such reference obligation. In addition, in the event of the insolvency of the counterparty, the Fund may be treated as a general creditor of such counterparty, and will not have any claim with respect to the reference obligation. Consequently, the Fund will be subject to the credit risk of the counterparty as well as that of the reference obligor. As a result, concentrations of synthetic securities in any one counterparty subject the Fund to an additional degree of risk with respect to defaults by such counterparty as well as by the reference obligor.

**Derivatives Risk.** The Funds' use of futures contracts, forward contracts, options and swaps is subject to market risk, leverage risk, correlation risk and liquidity risk. Leverage risk, liquidity risk and market risk are described elsewhere in this section. Many OTC derivative instruments will not have liquidity beyond the counterparty to the instrument. Correlation risk is the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. The Funds' use of forward contracts and swap agreements is also subject to credit risk and valuation risk. Valuation risk is the risk that the derivative may be difficult to value and/or may be valued incorrectly. Credit risk is the risk that the issuer of a security or the counterparty to a contract will default or otherwise become unable to honor a financial obligation. Each of these risks could cause the Funds to lose more than the principal amount invested in a derivative instrument. Some derivatives have the potential for unlimited loss, regardless of the size of the Funds' initial investment. The other parties to certain derivative contracts present the same types of credit risk as issuers of fixed income securities. The Funds' use of derivatives may also increase the amount of taxes payable by shareholders. Both U.S. and non-U.S. regulators have adopted and are in the process of adopting and implementing regulations governing derivatives markets, the ultimate impact of which remains unclear.

**Swaps.** The Funds may use swaps to implement its strategies synthetically, particularly total return swaps. Swap agreements are two-party contracts entered into for periods ranging from a few weeks to more than one year. In a standard "swap" transaction, two parties agree to exchange the returns (or differentials in rates of return) earned or realized on particular predetermined investments or instruments, which can be adjusted for an interest factor. The Funds' use of swaps is subject to the following risks: (i) credit risks (the exposure to the possibility of loss resulting from the counterparty's failure to meet its financial obligations); (ii) market risk (adverse movements in the price of a financial asset or commodity); (iii) legal risks (the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could preempt otherwise enforceable contract rights); (iv) operational risk (inadequate controls, deficient procedures, human error, system failure or fraud); (v) documentation risk (exposure to losses resulting from inadequate documentation); (vi) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (vii) system risk (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (viii) concentration risk (exposure to losses from the concentration of closely related risks such as exposure to a particular industry or exposure linked to a particular entity); and (ix) settlement risk (the risk faced when one party to a transaction has performed its obligations under a contract but has not yet received value from its counterparty).

In addition to the risks described above, investments in total return swaps present risks in addition to those resulting from direct purchases of the asset referenced under a total return swap. The Funds will have a contractual relationship only with the counterparty of such total return swap, and not the issuer or obligor on the referenced asset. The Funds generally will have no right to directly enforce compliance by the referenced issuer or obligor with the terms of the referenced asset or any rights of set-off against the referenced issuer

or obligor, nor will it have any voting or other consensual rights of ownership with respect to the referenced asset. The Funds will not directly benefit from any collateral supporting the referenced asset and will not have the benefit of the remedies that would normally be available to a holder of such referenced asset. In addition, in the event of the insolvency of the counterparty, the Funds may be treated as a general creditor of such counterparty and will not have any claim of title with respect to the referenced asset. Consequently, the Funds will be subject to the credit risk of the counterparty as well as that of the referenced issuer or obligor.

**Credit Default Swaps.** Credit default swaps can be used to implement the Adviser's view that a particular credit, or group of credits, will experience credit improvement or deterioration. In the case of expected credit improvement, the Funds may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Funds to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Funds may also buy credit default protection with respect to a referenced entity if, in the Adviser's judgement, there is a high likelihood of credit deterioration. In such instance, the Funds will pay a premium regardless of whether there is a credit event.

**MiFID II.** The European Union Markets in Financial Instruments Directive (Directive 2014/65/EU) and Markets in Financial Instruments Regulation (Regulation (EU) no 600/2014) (together, "MiFID II") govern the provision of investment services and activities in relation to, as well as the organized trading of, financial instruments such as shares, bonds, units in collective investment schemes and derivatives. MiFID II was required to be implemented in EU member states from January 3, 2018. Although certain Funds are not organized in the EU and are not authorized or regulated by any EU member state financial services regulator, certain aspects of MiFID II may have an impact on such Funds.

MiFID II imposes certain restrictions as to the trading of shares and derivatives, which could apply to transactions made by or with the Funds. Subject to certain conditions and exceptions, the Funds may be unable to trade shares or derivatives with affected counterparties other than as provided by MiFID II. MiFID II also applies position limits to the size of a net position that a person can hold at all times in commodity derivatives traded on EU trading venues and in "economically equivalent" OTC derivatives.

More generally, EU regulated firms that have trading relationships with the Funds may be obliged by MiFID II to impose certain requirements on the Funds, or they may seek to do so contractually, with a view to satisfying their own compliance obligations. It is difficult to predict the full impact of MiFID II on the Funds. Prospective investors should also be aware that there may be costs (whether direct or indirect) absorbed by the Funds with respect to such EU regulated firms' compliance with MiFID II.

**Short Selling Regulation.** The U.S. government and certain foreign jurisdictions have at times taken measures to impose restrictions on the ability of investors to enter into short sales, including a complete prohibition on taking short positions in respect of certain issuers. Such restrictions may include certain private and public disclosure and reporting obligations, limitations on an investor's ability to short certain positions, and possible governmental intervention with respect to certain short positions held by an investor. The U.S. government or foreign jurisdictions in which the Funds are invested may establish and implement further regulations that could constrain the ability of the Adviser to implement short sales and hedge risks. Any existing or future restrictions may negatively affect the ability of the Fund to implement its strategies. It cannot be determined how future regulations may limit the Funds' ability to engage in short selling and how such limitations may impact the Funds' performance.

**Options.** Trading options is highly speculative and may entail risks that are greater than investing in other securities. Prices of options are generally more volatile than prices of other securities. In trading options, the Adviser speculates on market fluctuations of securities and securities exchange indices while investing only a small percentage of the value of the securities underlying such option. A change in the market price of the underlying securities or underlying market index will cause a much greater change in the price of the option contract. In addition, to the extent that the Adviser purchases options that it does not sell or exercise, the Funds will suffer the loss of the premium paid in such purchase. To the extent the Adviser sells options and must deliver the underlying securities at the option price, the Funds have a theoretically unlimited risk of loss if the price of such underlying securities increases. If the Adviser must buy those underlying securities, the Funds risk the loss of the difference between the market price of the underlying securities and the option price. Any gain or loss derived from the sale or exercise of an option will be reduced or increased, respectively, by the amount of the premium paid. The expenses of option investing include commissions



payable on the purchase and on the exercise or sale of an option. Furthermore, the risk of nonperformance by the obligor on an option may be greater and the ease with which the Adviser can dispose of such an option may be less than in the case of an exchange traded option.

The Adviser may cause the Funds to buy or sell OTC options—options on securities or swaps that are not traded on a securities exchange and are not issued or cleared by an internationally recognized clearing corporation. The risk of nonperformance by the obligor on such an option may be greater, and the ease with which the Adviser can dispose of such an option may be less, than in the case of an exchange traded option issued by an internationally recognized clearing corporation.

**Futures Contracts.** The value of futures contracts depends upon the price of the assets, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. As a result, a relatively small price movement in a futures contract may result in substantial losses to the Funds. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which the Funds' positions trade or of its clearinghouses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day, no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Funds from promptly liquidating unfavorable positions and subject the Funds to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

**Forward Contracts.** The Funds may enter into forward contracts and options thereon, including non-deliverable forwards, which are currently not traded through clearinghouses, although this is expected to change. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which the Adviser would otherwise recommend, to the possible detriment of the Funds. In its forward trading, the Funds will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the Funds trades. Funds assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. The Adviser may order trades for the Funds in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Funds to the risk of loss.

***Repurchase or Reverse Repurchase Transactions, Buy-Sell Back or Sell-Buy Back***

**Transactions.** The Funds may enter into repurchase and reverse repurchase transactions or buy-sell back or sell-buy back transactions. When the Funds enter into a repurchase agreement or a sell-buy back transaction, it effectively "sells" the securities or commodities to a counterparty (such as a financial institution), and agrees to repurchase such securities or commodities on a mutually agreed date for the price paid by the counterparty, plus interest at a negotiated rate. In a reverse repurchase or a buy-sell back transaction, the Funds "buy" securities from a counterparty, subject to the obligation of the counterparty to repurchase such securities at the price paid by the Fund, plus interest at a negotiated rate. Repurchase, reverse repurchase and sell-buy back or buy-sell back transactions by the Funds involve certain risks. For example, if the seller of securities to the Funds under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Funds will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Funds' ability to dispose of the underlying

securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that the Funds may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, the Funds may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

**Currency Risk.** As a result of the Funds' investments in securities or other investments denominated in, and/or receiving revenues in, foreign currencies, the Funds will be subject to currency risk. Currency risk is the risk that foreign currencies will decline in value relative to a Fund's base currency or, in the case of hedging positions, that a Fund's base currency will decline in value relative to the currency hedged. In either event, the dollar value of an investment in the Funds would be adversely affected. Currency exchange rates may fluctuate in response to, among other things, changes in interest rates, intervention (or failure to intervene) by U.S. or foreign governments, central banks or supranational entities, or by the imposition of currency controls or other political developments in the United States or abroad. Further, while hedging the currency of a portfolio can minimize the changes in the portfolio attributed to moves in foreign exchange rates, it does add additional cost to the portfolio.

**American Depositary Receipts and Global Depositary Receipts.** The Funds may invest in American Depositary Receipts ("**ADRs**") and Global Depositary Receipts ("**GDRs**"). ADRs are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by non-U.S. issuers. ADRs may be listed on a national securities exchange or may be traded in the over-the-counter market. GDRs are receipts issued by either a U.S. or non-U.S. banking institution representing ownership in a non-U.S. company's publicly traded securities that are traded on non-U.S. stock exchanges or non-U.S. over-the-counter markets. Holders of unsponsored ADRs or GDRs generally bear all the costs of such facilities. The depository of an unsponsored facility frequently is under no obligation to distribute investor communications received from the issuer of the deposited security or to pass through voting rights to the holders of depositary receipts in respect of the deposited securities. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability), as well as a range of other potential risks relating to the underlying shares, which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income or gross sale of disposition proceeds, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding the underlying shares of ADRs and GDRs, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

**Investments in Investment Company Risk.** When a Fund invests in an investment company, in addition to directly bearing the expenses associated with its own operations, it will bear a pro rata portion of the investment company's expenses and fees. Further, while the risks of owning shares of an investment company generally reflect the risks of owning the underlying investments of the investment company, a Fund may be subject to additional or different risks than if a Fund had invested directly in the underlying investments. Certain closed-end investment companies issue a fixed number of shares that trade on a stock exchange at a premium or a discount to their net asset value. As a result, a closed-end fund's share price fluctuates based on what another investor is willing to pay rather than on the market value of the securities in the fund.

**Exchange Traded Fund ("**ETF**") Risk.** ETFs are pooled investment vehicles, such as registered investment companies and grantor trusts, whose shares are listed and traded on U.S. and non-U.S. stock exchanges or otherwise traded in the over-the-counter market. To the extent that the Funds invest in ETFs, the Funds will be subject to substantially the same risks as those associated with the direct ownership of the securities in which the ETF invests, and the value of the Funds' investment will fluctuate in response to the performance of the ETF's holdings. ETFs typically incur fees that are separate from those of the Funds. Accordingly, the Funds' investments in ETFs will result in the layering of expenses such that shareholders will indirectly bear a proportionate share of the ETFs' operating expenses, in addition to paying Funds' expenses.

**Convertible/Exchangeable Securities.** A convertible security may be subject to redemption at the option of

the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Funds is called for redemption, the Funds will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Funds' ability to achieve its investment objective.

***Rights and Warrants.*** The Funds may make investments in rights and warrants. Rights and warrants entitle the holder to buy equity securities at a specific price for a specific period of time. Rights and warrants may be considered more speculative than certain other types of investments in that they do not entitle a holder to dividends or voting rights with respect to the underlying securities that may be purchased nor do they represent any rights in the assets of the issuing company. Also, the value of a right or warrant does not necessarily change with the value of the underlying securities and a right or warrant ceases to have value if it is not exercised prior to the expiration date.

***Undervalued Securities.*** The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Funds' investments may not adequately compensate for the business and financial risks assumed.

***Unlisted Securities.*** Unlisted securities may involve higher risks than listed securities. Because of the absence of any trading market for unlisted securities, it may take longer to liquidate, or it may not be possible to liquidate, positions in unlisted securities than would be the case for publicly traded securities. Companies whose securities are not publicly traded may not be subject to public disclosure and other investor protection requirements applicable to publicly traded securities.

***Illiquid Securities.*** While most securities are intended to be in liquid assets, certain securities may be illiquid because, for example, they are subject to legal or other restrictions on transfer or there is no liquid market for such securities or market conditions have resulted in a lack of liquidity for such securities. Valuation of such securities may be difficult or uncertain because there may be limited information available about the issuers of such securities. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable, and the Funds may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Funds may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, the Funds may be required to hold such securities despite adverse price movements. Even those markets which the Adviser expects to be liquid can experience periods, possibly extended periods, of illiquidity. Occasions have arisen in the past where previously liquid investments have rapidly become illiquid.

***Distressed Investments.*** The Funds' investment programs involves making distressed investments, including, for example, investments in defaulted, out-of-favor or distressed loans and securities. Certain of the Funds' investments will therefore include specific securities or instruments (including loans and other forms of indebtedness) of companies that typically are highly leveraged, with significant burdens on cash flow, and therefore involve a high degree of financial risk. The Funds also will make investments in companies that are experiencing financial or operational difficulties or are otherwise out-of-favor. Some or all of these companies may operate at a loss or with substantial variation in operating profits and losses from period to period, and may have a need for substantial additional capital to support expansion or to achieve or maintain a stable operating position. Such companies may not have ready access to the traditional capital markets. Such investments may be premised on a turnaround strategy. If turnarounds are not achieved, these companies could experience failures or substantial declines in value, and the Funds may not be able to divest itself of such unprofitable investments in a timely fashion or at all. Additionally, turnarounds may not be achieved within the contemplated investment horizons. Investments in companies operating in workout or bankruptcy modes also present additional legal risks, including fraudulent conveyance, voidable preference and equitable subordination risks. In any reorganization or liquidation proceeding relating to an investment, the Funds may lose its entire investment, may be required to accept cash or securities with a value less than the Funds' original investment and/or may be required to accept payment over an extended period of time.

## **Risks Relating to Investment Techniques**

**Short Sales Risk.** A short sale involves the sale of a security that the Funds do not own in the expectation of purchasing the same security (or a security exchangeable therefore) at a later date at a lower price. Short sales expose the Funds to the risk that it will be required to buy the security sold short (also known as “covering” the short position) at a time when the security has appreciated in value, thus resulting in a loss to the Funds. Investment in short sales may also cause the Funds to incur expenses related to borrowing securities. Reinvesting proceeds received from short selling may create leverage, which can amplify the effects of market volatility on the Funds’ share price. The Funds may also take a short position in a derivative instrument, which involves the risk of a theoretically unlimited increase in the value of the underlying instrument and a potentially unlimited loss.

The U.S. government and certain foreign jurisdictions, including, for example, the EU and Hong Kong, have at times taken measures to impose restrictions on the ability of investors to enter into short sales, including requiring investors to report and disclose positions and prohibiting investors from taking short positions in respect of certain issuers. Such restrictions may negatively affect the ability of the Funds to implement its strategies. It cannot be determined how future regulations may limit the Funds’ ability to engage in short selling and how such limitations may impact the Funds’ performance.

**Hedging.** Hedging techniques involve one or more of the following risks: (i) imperfect correlation between the performance and value of the instrument and the value of the Funds securities or other objective of the Adviser; (ii) possible lack of a secondary market for closing out a position in such instrument; (iii) losses resulting from interest rate, spread or other market movements not anticipated by the Adviser; (iv) the possible obligation to meet additional margin or other payment requirements, all of which could worsen the Funds’ position; and (v) default or refusal to perform on the part of the counterparty with which the Funds trades.

The ability of the Funds to hedge successfully will depend on the ability of the Adviser to predict pertinent market movements, which cannot be assured. The Adviser is not required to hedge and there can be no assurance that hedging transactions will be available or, even if undertaken, will be effective. Moreover, it should be noted that the portfolio will always be exposed to certain risks that cannot be hedged, such as counterparty credit risk. Furthermore, by hedging a particular position, any potential gain from an increase in the value of such position may be limited.

The Adviser will not, in general, attempt to hedge all market or other risks inherent in the Funds’ positions, and may hedge certain risks, if at all, only partially. Specifically, the Adviser may choose not, or may determine that it is economically unattractive, to hedge certain risks — either in respect of particular positions or in respect of the Funds’ overall portfolio. The Funds’ portfolio composition will commonly result in various directional market risks remaining unhedged.

**Leverage Risk.** The Funds’ use of borrowings or derivatives may result in the Funds’ total investment exposure substantially exceeding the value of its portfolio securities and the Funds’ investment returns depending substantially on the performance of securities that the Funds may not directly own. The use of leverage generally amplifies the effects of market volatility on a Fund’s Net Asset Value and may also cause a Fund to liquidate portfolio positions when it would not be advantageous to do so in order to satisfy its obligations to providers of financing. The Funds’ use of leverage may result in a heightened risk of investment loss.

**Securities Lending.** The Funds may lend securities from its portfolio to brokers, dealers and other financial institutions that need to borrow securities to complete certain transactions as a means of earning additional income. The Funds are entitled to payments in amounts equal to the interest, dividends or other distributions payable on the loaned securities, which affords the Funds an opportunity to earn interest on the amount of the loan and current income on the loaned securities themselves. However, the Adviser does not vote proxies on securities that are lent. In addition, the Funds might experience a loss if any institution with which the Funds have engaged in a portfolio loan transaction breaches its agreement with the Funds. If the borrower becomes insolvent or bankrupt, the Funds could experience delays and costs in recovering loaned securities. To the extent that, in the meantime, the value of the loaned securities declines, the Funds could experience further losses.

**Capital Structure Arbitrage.** In certain circumstances the execution of a distressed investing strategy involves the ability of the Funds to identify and exploit the relationships between movements in different securities and instruments within a company's or borrower's capital structure (e.g., senior bank debt, second liens, debt securities and other obligations, senior and subordinated debt, preferred equity and common stock). Identification and exploitation of these opportunities involve uncertainty. In the event that the perceived pricing inefficiencies underlying a company's securities or instruments were to fail to materialize as expected by the Adviser, the Funds could incur a loss.

**Event-Driven Investing.** The Funds may make investments in issuers involved in, or the target of, acquisition attempts or tender offers, or issuers involved in work outs, liquidations, spin-offs, reorganizations, asset sales, changes in control, distributions, bankruptcies or similar transactions. The Funds may make certain investments in anticipation of such events. In any investment opportunity involving any such type of situation, there exists the risk that the transaction or catalyst will not occur, will take considerable time, or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Funds of the security or other financial instrument in respect of which such distribution is received. If an anticipated transaction or catalyst does not in fact occur, the Funds may be required to sell its investment at a loss. Event driven investing requires the investor to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of an issuer's financial instruments.

If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by an issuer may not be valued as highly by the market as the Adviser had anticipated, resulting in losses. In addition, an issuer may announce a plan of restructuring which promises to enhance value, but fails to implement it, which can result in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Funds of the security in respect of which such distribution was made. The consummation of exchange offers or reorganization plans can be prevented or delayed by a variety of factors, including: (i) opposition of the management, stockholders or debt holders of the relevant company, which can result in litigation to enjoin the proposed transaction; (ii) intervention of a US federal or state or foreign regulatory agency; (iii) efforts by the relevant company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) failure to obtain the necessary stockholder or debt holder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable US federal or state securities laws; or (vii) inability to obtain adequate financing.

**Bankruptcy Proceedings.** The Funds may hold positions that are subject to bankruptcy proceedings. There are a number of significant risks inherent in the bankruptcy process. First, many events in a bankruptcy are the product of contested matters and adversarial proceedings and are beyond the control of the creditors. While creditors are generally given an opportunity to object to significant actions, there can be no assurance that a bankruptcy court (or other applicable court in the relevant jurisdiction) in the exercise of its broad powers would not approve actions that would be contrary to the interests of the Funds. Second, the effect of a bankruptcy filing (or the instigation of insolvency proceedings in any jurisdiction) on a borrower may adversely and permanently affect the borrower. The borrower may lose its market position and key employees and otherwise become incapable of restoring itself as a viable entity. If for this, or any other reason, the proceeding is converted to a liquidation, the liquidation value of the borrower may not equal the liquidation value that was believed to exist at the time of the investment. Third, the duration of a bankruptcy proceeding is difficult to predict. A creditor's return on investment can be adversely affected by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court and until it ultimately becomes effective (or while the applicable restructuring process is completed in the relevant jurisdiction). Fourth, the administrative costs in connection with a bankruptcy proceeding (or other applicable proceeding in the relevant jurisdiction) are frequently high and will often be paid out of the debtor's estate prior to any return to creditors. For example, if a proceeding involves protracted or difficult litigation, or turns into a liquidation, substantial assets may be devoted to administrative costs. Fifth, in the early stages of the bankruptcy process it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. Sixth, in certain jurisdictions, especially in the case of investments made prior to the commencement of bankruptcy proceedings, creditors can lose their ranking and priority if they exercise "domination and control" over a debtor and other creditors can demonstrate that they have been harmed by such actions. Seventh, applicable bankruptcy or insolvency laws may provide that certain

transactions entered into or payments made by the debtor prior to the commencement of bankruptcy or insolvency proceedings in relation to the debtor may be set aside, reversed, clawed back or avoided. Eighth, certain claims that may have priority by law (for example, in certain jurisdictions, claims for taxes or amounts payable in respect of employees or in relation to pension schemes) may be quite significant.

**Environmental, Social and Governance Risks.** Environmental, social or governance (“ESG”) and sustainability risks are risks specific to ESG issues that may adversely impact companies in which the Funds invest. There is a risk that the companies in which the Funds invest will not operate as expected when considering ESG issues. The application of ESG principles and the perceptions of the commitment of a given company to ESG principles vary among investors, analysts, and other market observers. Consequently, the Adviser’s assessments respecting the ESG characteristics associated with any company, or the risks associated with any company’s exposure to such risks, may differ from the perceptions of other persons. Further, any company’s attempts to address ESG issues may result in poor financial performance, which would reduce the value of the Funds’ investment in such company.

### **Certain Risks Related to the Funds**

**Reliance on Key Personnel.** The operations of the Funds and the Adviser are substantially dependent upon the skill, judgment and expertise of the key persons. The death, disability or other unavailability of the key persons could be material and adverse to the Funds.

**Restrictions on Withdrawals.** Interests in the Private Funds are illiquid, generally non-transferable and subject to significant restrictions on withdrawal. Because notices of withdrawals must be submitted significantly in advance of the effective date of withdrawal, the value received upon the withdrawal of an interest may differ materially from the value at the time a decision to withdraw such interest is made. Certain withdrawals will be subject to an early withdrawal charge. In addition, the Adviser may suspend the determination of Net Asset Value and suspend or delay payment of withdrawals under certain circumstances.

Further, the Funds may make distributions in kind rather than in cash. For the purpose of determining the value to be ascribed to any assets of the Funds used for an in-kind withdrawal, the value ascribed to such assets shall be the value of such assets on the relevant redemption date. The risk of a decline in the value of such assets in the period from the relevant redemption date to the date upon which such assets are distributed, and the risk of any loss or delay in liquidating such securities, will be borne by investors.

**Investors Will Not Participate in Management.** Investors have no right to participate in the management of the Funds or in the conduct of its business. There exists broad discretion to expand, revise or contract the Funds’ business without the consent of investors. Any decision to engage in a new activity could result in the exposure of the Funds’ capital to additional risks which may be substantial.

**Charges to the Fund.** The Funds will bear certain fees and expenses irrespective of profitability. There can be no assurance that the Funds will be able to earn sufficient income to offset these charges.

**Performance Fee and Compensation Arrangements.** The Adviser could receive substantial fees in the event that the Fund generates positive net performance relative to a benchmark or outperformance over a hurdle rate. Because the Performance Fee is calculated based on positive net performance relative to a benchmark or outperformance over a hurdle rate there may be an incentive for the Adviser to make investments that are riskier or more speculative than would be the case if it were compensated solely based on a flat percentage of capital. Prospective investors should also note that the Adviser may be paid increased fees because the Performance Fee will be calculated on a basis that includes unrealized appreciation as well as realized gains. Any such unrealized appreciation may not ultimately be realized by the Funds following the payment of the Performance Fee. Because the Performance Fee is based on positive net performance relative to a benchmark or outperformance over a hurdle rate, the Adviser may be paid a Performance Fee even if the investor has experienced losses.

**Use of “Manager Marks”.** In many instances, the Adviser is permitted to establish “fair value” of investments. There can be no assurance that the fair value of such investments will be fully realizable upon their ultimate disposition. The Adviser has a conflict of interest in making any such valuations because the valuations directly affect net asset value and thus the amount of compensation it or its affiliate receives.

Prospective investors should understand that any such manager marks are not subject to independent review, except as may be done in connection with an audit at year-end or as may be initiated by the Adviser in its sole discretion or as part of the net asset value calculation process. Despite its good faith efforts at fair valuation, the Adviser's valuation of positions may prove to be materially inaccurate and to have resulted in inflated fees paid to the Adviser, inflated withdrawal proceeds paid out to withdrawing investors and diminished relative holdings accorded to new investors.

In addition, the Adviser manages various investment products that are subject to different valuation policies due to different administrators, valuation agents or regulatory requirements. As a result of such differences, the valuations assigned to a Fund's position may differ from the valuations assigned to similar positions held by other clients of the Adviser. Each Client's valuation process will operate independently, meaning that a valuation arrived at in respect of a particular Client will not necessarily be considered in respect of the Adviser's other Clients. Such differences in valuation may have an impact on the calculations of fees.

**Possible Effect of Withdrawals.** Substantial withdrawals, including withdrawals made by the Adviser's affiliates, could require a Fund to liquidate its positions more rapidly than otherwise desirable to raise the necessary cash to fund withdrawals and achieve a market position appropriately reflecting a smaller asset base. These factors could adversely affect the value of the interests withdrawn and of the interests remaining outstanding, as well as the overall composition of a Fund's portfolio.

**Errors.** The Adviser is under no obligation to reimburse the Private Funds for any errors or mistakes of the Adviser with respect to the Adviser's placing or executing trades for the Private Funds or any other administrative errors made by the Adviser, its agents and affiliates ("Trade or Administrative Errors"). Trade or Administrative Errors are considered by the Adviser to be a cost of doing business. However, the Adviser will be obligated to reimburse the Private Funds for any Trade or Administrative Error resulting from the Adviser's willful misconduct or gross negligence. Any correction of a Trade or Administrative Error will only be made to the extent required so that the Private Fund does not incur or minimizes a loss related to such Trade or Administrative Error. The Adviser, subject to its fiduciary obligations, will determine whether or not any Trade or Administrative Error is required to be reimbursed in accordance with such liability and exculpation provisions. Trade or Administrative Errors that result in losses to the Private Funds may only be netted against gains to the Private Funds resulting from subsequent transactions effected to correct or minimize one or more Trade or Administrative Errors resulting from a single investment decision. The Adviser, in its sole discretion, reserves the right to reimburse the Private Funds for any Trade or Administrative Error notwithstanding the fact that no standard of care was violated. The Adviser's reimbursement of the Private Funds for any particular Trade or Administrative Errors will not constitute a waiver of any policy to cause the Private Funds to bear the losses from such Trade or Administrative Errors. The Adviser has an inherent conflict of interest with respect to the discovery and treatment of Trade or Administrative Errors. Any net gain resulting from Trade or Administrative Errors will be for the benefit of the Private Funds, and will not be retained by the Adviser.

**Possible Indemnification Obligations; Exculpation.** The Private Funds are generally obligated to indemnify the administrator, the General Partners, the Adviser, its affiliates, each member of the governance committee and their delegates and possibly other parties under the various agreements entered into with such persons against any liability they or their respective affiliates may incur in connection with their relationship with the Funds. Further, unless the relevant parties have been found to have violated their standard of care, they will be fully exculpated in respect of any liability. These provisions are not intended to permit exculpation or indemnification to the extent it would be inconsistent with the requirements of applicable U.S. federal or state securities laws.

**Master-Feeder Structure.** The Private Funds will invest through a "master-feeder" structure. The "master-feeder" fund structure presents certain unique risks to investors. For example, a smaller fund investing in the master fund may be materially affected by the actions of a larger feeder fund. If a larger feeder fund withdrew from the master fund, the remaining feeder fund may experience higher *pro rata* operating expenses, thereby providing lower returns. The master fund may become less diverse due to redemption by a larger feeder fund, resulting in increased portfolio risk. In addition, the master fund may structure certain transactions with the aim of securing a particular tax, regulatory or other benefit that is relevant for one feeder fund but not another. Any incremental costs associated with such structuring will be borne by all investors.

The master fund is a single entity and creditors of the master fund may enforce claims against all of the assets of the master fund.

**Environmental, Social and Governance Risks.** The UCITS have committed to binding criteria regarding the integration of ESG factors into the investment process in adherence with the Sustainable Finance Disclosure Regulation. Securities of companies with ESG practices may shift into and out of favor depending on market and economic conditions, and the UCITS performance may at times be better or worse than the performance of funds that do not use ESG factors. The Adviser will determine which ESG factors to analyze, how much weight to give ESG factors and which investment screens to apply in its sole discretion. Further, in certain instances, the Adviser may elect to cause the UCITS to invest in a security despite negative ESG factors as the generation of excess returns remains the UCITS primary investment objective or, as described elsewhere herein, disregard certain ESG factors in their entirety. Different market participants take different approaches to what constitutes appropriate ESG factors to consider and at any time a UCITS portfolio and investment activities may not reflect a particular investor's views on ESG matters. In addition, given certain UCITS and Private Funds may have overlapping investment programs and professionals, portfolio management decisions for such Private Funds may be influenced by ESG considerations despite the Private Funds not adhering to a fixed ESG program.

**Operational Risk.** The Adviser has developed systems and procedures to manage operational risk. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked or accounted for, or other similar disruption in the Adviser's operations may cause a Fund to suffer financial loss, the disruption of the Adviser's business, liability of Funds to third parties, regulatory intervention, or reputational damage to the Adviser.

**Trading Judgment.** The success of investment and trading strategies employed by the Adviser is subject to the judgment and skills of the portfolio managers, research teams, trading teams, and related to certain treasury functions, the operations team. The abilities of the trading team with regard to execution and discipline are important to the Funds' performance. There can be no assurance that the investment decisions or actions of the portfolio managers, researchers, trading or operations personnel will be correct. Incorrect decisions or poor judgment may result in substantial losses to the Funds.



**Item 9. Disciplinary Information**

This Item is inapplicable.

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

Aperture is not registered, nor does it have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or as an associated person of the foregoing. Aperture is exempt from registration with the Commodity Futures Trading Commission as a commodity trading advisor; with respect to certain Funds, Aperture claims an exemption which provides an exclusion from the definition of commodity pool operator.

Aperture UK is a wholly owned subsidiary of Aperture that serves as the investment manager to certain UCITS. Aperture UK wholly owns Aperture Investors France, which is an unregistered entity providing research and analysis of financial markets and investment opportunities to Aperture UK.

The General Partners, as noted in Item 4, are affiliates of Aperture. The General Partners receive performance-based compensation from the Private Funds.

The Management Company, an affiliate of Aperture, as previously described in Item 4, has delegated to Aperture the discretion, on a daily basis, but subject to the overall control and responsibility of the Management Company and the SICAV, to purchase and sell securities as agent for the UCITS. Additionally, the Management Company has appointed GIP, an entity regulated by CONSOB and Banca d'Italia and an affiliate of Aperture, to act as distributor for the UCITS in the European Union.

As previously noted in Item 4, Aperture is jointly owned by Peter Kraus and Generali, an Italian insurance company. Aperture is one of several advisers on the multi-boutique platform of the Generali Asset & Wealth Management Division.

Additionally, Peter Kraus is a minority owner of AEREF Management, LLC ("AEREF"), a registered investment adviser which provides investment advisory services to privately offered investment funds focused on originating and/or acquiring securitized and unsecuritized loans collateralized by real property. Although these businesses are operated independently, Peter Kraus's ownership interests in Aperture and AEREF result in the two firms being affiliates under common control of a related person.

### **Participating Affiliates**

In providing investment management services to certain of the Funds, Aperture draws upon the portfolio management, trading, research, operational and administrative resources of certain of its affiliates (at the present, Aperture UK), including using affiliates to execute transactions for certain Funds. Subject to the written consent of the applicable Fund and the regulatory status of the affiliate, Aperture treats these affiliates as "participating affiliates," in accordance with applicable SEC no-action letters and guidance. Participating affiliates may be delegated the duty to place orders for certain securities and commodity interest transactions pursuant to an agreement between Aperture and the participating affiliate. In connection with an entity's status as a participating affiliate, certain employees of such participating affiliate are designated to act for Aperture and are subject to certain Aperture policies and procedures, as well as supervision and periodic monitoring by Aperture. The participating affiliate agrees to keep certain books and records in accordance with the Advisers Act and to submit the designated personnel to requests for information or testimony before the SEC.

## **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 (the “Code”) that obligates the Adviser and its supervised persons to put the interests of the Adviser’s Clients before their own interests and to act honestly and fairly in all respects in their dealings with Clients. In addition to compliance with the Adviser’s policies and procedures, all of the Adviser’s personnel are required to comply with applicable federal securities laws. Clients or prospective clients may obtain a copy of the Code by contacting Ryan MacDonald (Chief Compliance Officer) by email at [compliance@apertureinvestors.com](mailto:compliance@apertureinvestors.com), or by telephone at 212-521- 5193. See below for further provisions of the Code as they relate to the preclearing and reporting of securities transactions by the Adviser’s supervised persons and any other persons designated by the Chief Compliance Officer (“Covered Persons”).

The Adviser and its supervised persons may give and/or receive gifts, entertainment, services or other items to/from any person or entity that does business with or potentially could conduct business with or on behalf of the Adviser. The Adviser has adopted policies and procedures governing gifts and business entertainment, which includes pre-clearance by or reporting to the Chief Compliance Officer, or his designee, related to giving/receiving gifts or entertainment above a certain de minimis threshold.

The Adviser, or its related persons, in the course of their investment management and other activities, may come into possession of confidential or material nonpublic information about issuers, including issuers in which the Adviser or its related persons have invested or seek to invest on behalf of Clients. The Adviser is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a Client. The Adviser maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that the Adviser is meeting its obligations to its Clients and remains in compliance with applicable law. In certain circumstances, the Adviser may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but the Adviser will be prohibited from communicating such information to the Client or using such information for the Client’s benefit. In such circumstances, the Adviser will have no responsibility or liability to the Client for not disclosing such information to the Client (or the fact that the Adviser possesses such information), or not using such information for the Client’s benefit, as a result of following the Adviser’s policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

**Client Transactions in Securities where Adviser has a Material Financial Interest.** The Adviser and Aperture UK do not recommend to Clients, or buy or sell for Client accounts, securities in which the Adviser or Aperture UK has a material financial interest.

**Investing in Securities Recommended to Clients.** In addition, the Adviser or its Covered Persons invests in the same securities (or related securities, e.g., warrants, options or futures) that the Adviser or a Covered Person recommends to Clients. The Adviser or its Covered Persons may trade in a particular security in a manner that is the same as, different from, or even opposite to the trading activity undertaken by the Adviser on behalf of its Clients with respect to that same security. Such practices present a conflict when, because of the information the Adviser has, the Adviser or its Covered Persons are in a position to trade in a manner that could adversely affect the Adviser’s Clients (e.g., place their own trades before or after Client trades are executed in order to benefit from any price movements due to the Clients’ trades). In addition to affecting the Adviser’s or its Covered Person’s objectivity, these practices by the Adviser or its Covered Persons may also harm Clients by adversely affecting the price at which the Clients’ trades are executed.

The Adviser has adopted the following procedures in an effort to minimize such conflicts: The Adviser requires its Covered Persons to preclear certain transactions in their personal accounts with the Chief Compliance Officer, or his designee, who may deny permission to execute the transaction if such transaction may have any adverse economic impact on one of its Clients. In addition, the Adviser’s Code prohibits the Adviser or its Covered Persons from executing personal securities transactions of any kind in any securities of an issuer on a restricted list maintained by the Chief Compliance Officer, or his designee, and further prohibits the Adviser’s Covered Persons from transacting in any security of an issuer if (i) any

Client holds a position with respect to that issuer; (ii) there are any open orders with respect to that issuer; or (iii) the security of the issuer is being considered to trade. A Covered Person may seek approval from the Chief Compliance Officer, or his designee, to transact in securities held by a Client. The Adviser's Code also prohibits Covered Persons from transacting in any reportable security for at least seven calendar days from the date on which the Adviser last executed or withdrew an order with respect to the security, except that a Covered Person may seek approval from the Chief Compliance Officer, or his designee, to purchase or sell a reportable security in a period of less than seven calendar days if the Adviser no longer holds any position in that reportable security. Covered Persons are prohibited from purchasing then selling, or selling then purchasing, the same reportable securities of the same issuer within 30 days.

All of the Adviser's Covered Persons are required to disclose their reportable securities transactions on a quarterly basis. In addition, the Adviser's Covered Persons are required to disclose the holdings in their personal accounts upon commencement of employment with the Adviser and on an annual basis thereafter. The Adviser's Covered Persons are also required to provide quarterly brokerage statements for accounts which are able to transact in reportable securities. Trading in the personal accounts of the Adviser's Covered Persons is reviewed by the Chief Compliance Officer, or his designee, and compared with transactions for Client accounts and reviewed against the restricted list.

**Conflicts of Interest Created by Contemporaneous Trading.** The Adviser or a related person from time to time recommends securities to Clients, or buys or sells securities for Clients, at or about the same time that the Adviser or related person buys or sells the same securities for its own account. In order to minimize the conflicts stemming from situations where the contemporaneous trading results in an economic benefit for the Adviser or its related person to the detriment of the Client, the Adviser has adopted the procedures described above.

## Item 12. Brokerage Practices

**Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.** Aperture considers a number of factors in selecting a broker-dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker-dealer's compensation. Such factors include, but are not limited to, reputation, financial strength and stability, creditworthiness, efficiency of execution and error resolution, the actual executed price and the commission, research (including economic forecasts, fundamental and technical advice on securities, valuation advice on market analysis) to the extent legally permissible; custodial and other services provided for the enhancement of Aperture's portfolio management capabilities; the size and type of the transaction; the difficulty of execution and the ability to handle difficult trades; and the operational facilities of the brokers and/or dealers involved (including back office efficiency).

In selecting a broker-dealer to execute transactions (or a series of transactions) and determining the reasonableness of the broker-dealer's compensation, Aperture need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. Unless required by law or contract, it is not Aperture's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker-dealer which are included in the commission rate. Aperture's Best Execution Committee meets periodically to evaluate the broker-dealers used by Aperture to execute client trades using the foregoing factors.

**Research and Other Soft Dollar Benefits.** Unless restricted by law or contract, Aperture receives research or other products or services other than execution from a broker-dealer and/or a third party in connection with client securities transactions. This is known as a "soft dollar" relationship. Aperture will limit the use of "soft dollars" to obtain research and brokerage services to services that constitute research and brokerage within the meaning of Section 28(e) of the Securities Exchange Act of 1934, as amended ("Section 28(e)").

Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from broker-dealers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an adviser and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations.

When Aperture uses client commissions to obtain Section 28(e) eligible research and brokerage products and services, Aperture's Best Execution Committee meets periodically to review and evaluate its soft dollar practices and to determine in good faith whether, with respect to any research or other products or services received from a broker-dealer, the commissions used to obtain those products and services were reasonable in relation to the value of the brokerage, research or other products or services provided by the broker-dealer. In making the determination, the Best Execution Committee will consider whether the product or service constitutes eligible research or brokerage; the product or service provides lawful and appropriate assistance to Aperture's investment decision-making process; and the commissions paid to the broker-dealer and other third party are reasonable in relation to the value of the products or services they provide.

The use of client commissions (or markups or markdowns) to obtain research and brokerage products and services raises conflicts of interest. For example, Aperture will not have to pay for the products and services

itself. This creates an incentive for Aperture to select or recommend a broker-dealer based on its interest in receiving those products and services. To address these conflicts of interest, Aperture will execute client trades through broker-dealers that provide research and brokerage products to Aperture only if it is determined by the Best Execution Committee of Aperture that client trades with such broker-dealers are otherwise consistent with seeking best execution.

Aperture may cause clients to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), resulting in higher transaction costs for clients.

While Aperture generally seeks to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate, research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions may be used by Aperture in its other investment activities, including, for the benefit of other client accounts.

Where permitted by law, Aperture and/or its related persons acquired proprietary and third-party research reports (including market research) as a result of client brokerage commissions (or markups or markdowns) during Aperture's last fiscal year.

In some instances, Aperture may obtain a product or service that is used, in part, by Aperture for Section 28(e) eligible purposes and, in part, for other purposes. In such instances, Aperture will make a fair and reasonable determination as to the relative proportion of the product or service used to assist Aperture in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting Aperture in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will generally be paid for by Aperture from its own resources unless a client's constituent documents, and related regulations, allow for the client to pay. The determination by Aperture of the appropriate allocation of "mixed use" products and services creates a potential conflict of interest between Aperture and Clients.

**Brokerage for Client Referrals.** This item is not applicable.

**Directed Brokerage.** This item is not applicable.

**Order Aggregation.** Aperture may, in its sole discretion, aggregate client orders for the purchase or sale of the same security at the same time with the same trade instructions using the same executing broker. Such aggregation may enable Aperture to obtain for clients a more favorable price or a better commission rate based upon the volume of a particular transaction.

Aperture generally will not aggregate transactions unless it believes that aggregation is consistent with its duty to seek best execution for its clients and is consistent with the terms of Aperture's investment advisory agreement with each client for which trades are being aggregated. No investment advisory client, including those clients in which Aperture or persons associated with Aperture have a direct or indirect beneficial interest or those clients that pay higher fees to Aperture, will be favored over any other investment advisory client other than as permitted under Aperture's trade aggregation policy. Each client that participates in an aggregated order will participate at the average share price for all Aperture's transactions in that security on a given business day or such shorter period, as applicable and transaction costs will be shared pro rata based on each client's participation in the aggregated order.

Each client that participates in an aggregated order will pay the same cost of execution (measured by rate). Notwithstanding the above, payment for research in connection with the aggregated order may differ due to applicable jurisdictional regulatory requirements, including without limitation, regulatory requirements of the European Union's revised Markets in Financial Instruments Directive ("MiFID II") and disclosures to the client.

If the aggregated order is filled in its entirety, it will be allocated among clients in accordance with the aggregated order, or, if the order is partially filled, it will be allocated pro rata based on the aggregated order. Notwithstanding the foregoing, an aggregated order may be allocated following execution on a basis different from that specified in the aggregated order to avoid odd lots or excessively small allocations. Otherwise, an aggregated order may be allocated following execution on a basis different from that specified in the aggregated order if all clients receive fair and equitable treatment and the reason for the different allocation is explained and approved in writing by Aperture's Chief Compliance Officer.

### **Item 13. Review of Accounts**

**Frequency and Nature of Review.** Each Client account is reviewed by the applicable portfolio manager, as well as the Chief Risk Officer (or such person's delegee, as appropriate) on an ongoing basis to determine whether securities positions should be maintained in light of current market conditions. Matters reviewed include, but are not limited to, specific securities held, adherence to investment guidelines and the performance of each client account. The CEO also discusses client accounts with the portfolio managers periodically. In addition, investment team-specific Risk Committee meetings are held on a quarterly basis. Informal Risk Committee meetings may occur more frequently during times of market or portfolio stress.

**Factors Prompting a Non-Periodic Review of Accounts.** Significant market events affecting the prices of one or more securities in Client accounts, changes in the investment objectives or guidelines of a particular client or specific arrangements with particular Clients may trigger reviews of client accounts on other than a periodic basis.

**Content and Frequency of Regular Account Reports.** For the Private Funds, the Adviser provides investors with (i) monthly reports containing performance, portfolio-level exposure and characteristics, (ii) quarterly fund commentaries and (iii) annually, audited financial statements and tax documents. Investors in the UCITS receive written reports from the Management Company in accordance with regulatory requirements. The Adviser may periodically produce other reports for prospective or existing investors upon request, but at all times follows the procedures for reporting as required by applicable law and as provided in the applicable Fund's offering documents.

Aperture may from time to time provide certain investors and prospects information about the Funds, including, without limitation, estimates of the Funds' performance and information about the Funds' investment positions and activities. Neither the Funds nor the Adviser is obligated to provide any additional information to investors. However, if the Adviser chooses to provide such additional information, the Adviser will endeavor to make such information available to all requesting investors on equal terms, subject to such policies and conditions as may be established by the Adviser, but there can be no assurances that all requesting investors and prospects will receive exactly the same information. Further, the Adviser will provide its affiliates with information it may not make available to the Funds' investors. The Adviser will generally be under no obligation to update any such information it chooses to provide under these circumstances. Investors may have access to information that is not generally available to other investors and, as a result, may be able to act on such additional information (*i.e.*, request withdrawals) that other investors do not receive, or in accordance with applicable law.



**Item 14. Client Referrals and Other Compensation**

Aperture does not receive any other economic benefits from non-clients in connection with the provision of investment advice to Clients.

Aperture is a party to a relationship agreement with certain of its affiliates, in which an affiliate provides distribution services for the UCITS outside of the United States.

## **Item 15. Custody**

Aperture is deemed to have custody of the assets of the Private Funds because of the authority of Aperture or its affiliates over such funds' assets. Investment advisers with custody of client funds or securities are required to comply with the requirements of Rule 206(4)-2 of the Advisers Act. Investors in the Private Funds will receive annual financial statements audited by an independent public accounting firm. The audited financial statements will be prepared in accordance with generally accepted accounting principles and distributed within 120 days of the applicable Private Fund's fiscal year end.

Aperture does not have actual physical custody of any investor funds or securities; rather, all such assets are held in the name of each of the applicable Funds by an independent qualified custodian.

Aperture does not custody the assets of the UCITS.

## **Item 16. Investment Discretion**

### **Discretionary Authority for Trading:**

Aperture has the authority to determine, without obtaining specific consent from the Funds, the securities to be bought or sold and the amount of the securities to be bought or sold for the Funds.

### **Private Funds**

The Management Agreement entered into among the Private Funds, the General Partners and Aperture grants Aperture discretionary investment and trading authority over the assets of the Private Funds. Aperture's management of, and the terms of any investor's investment in, the Private Funds are governed by the Governing Documents. Specific investment objectives and strategies are detailed in the respective Governing Documents.

### **UCITS**

The Management Company (see Item 4.), with the consent of the Board of Directors of the UCITS, has delegated to Aperture the discretion, on a daily basis, but subject to the overall control and responsibility of the Management Company and the SICAV, to purchase and sell securities as agent for certain UCITS of the SICAV and to otherwise manage the portfolios of the such UCITS for the account and in the name of the SICAV. As discussed above, Aperture UK serves as the investment manager to certain UCITS.

Aperture's discretionary investment authority in managing the UCITS may be limited by contractual terms, applicable laws and regulations (e.g., the Luxembourg law of 17 December 2010 relating to undertakings for collective investment, as may be amended from time to time, the "UCI Law"), and internal risk guidelines.

## **Item 17. Voting Client Securities**

To the extent the Adviser has been delegated proxy voting authority on behalf of its Clients, the Adviser complies with its proxy voting policies and procedures that are designed to ensure that in cases where the Adviser votes proxies with respect to Client securities, such proxies are voted in the best interests of each Client. Abstaining from voting is an appropriate action under the Adviser's proxy voting policy.

In voting proxies, the Adviser utilizes the services of a third-party proxy agent. The Adviser periodically reviews the proxy voting policies, procedures and methodologies, conflicts of interest and competency of the third-party proxy voting agent. The third-party proxy agent automatically pre-populates the Adviser's proxy votes based on the third-party voting agent's proxy voting guidelines which have been approved by the Adviser. Funds may subscribe to different proxy voting guidelines offered by the third-party proxy agent, potentially resulting in Funds, including those managed in the same strategy, voting differently related to a specific ballot. To the extent the Adviser becomes aware that an issuer that is the subject of the third-party proxy agent's voting recommendation intends to file or has filed additional solicitating materials ("Additional Information") after the Adviser has received the third-party proxy agent's voting recommendation but before the proxy submission deadline, and the Additional Information would reasonably be expected to affect the Adviser's voting determination, the Adviser will consider the Additional Information prior to exercising voting authority to confirm that the Adviser is voting in its Clients' best interest. In addition, the Adviser seeks to ensure that the third-party proxy agent is not permitted to utilize information regarding how the Adviser intends to vote in a manner that would not be in the best interest of the Adviser's Clients.

In certain circumstances, absent any material conflicts, the Adviser may choose to disregard the third-party proxy agent's recommendation and vote the proxy directly. In such circumstances, the proxy will be voted in accordance with the Adviser's voting guidelines. Any deviations from the third-party proxy agent's recommendation require a written explanation of the reason for the deviation, as well as a representation that the employee and the Adviser are not conflicted in making the chosen voting decision.

In the event that the third-party proxy agent is unable to complete or provide its research regarding a security on a timely basis, or the Adviser or the third-party proxy agent determines that the third-party proxy agent has a conflict of interest with respect to voting a proxy, the Adviser's Proxy Voting Committee will make the determination regarding how to vote the proxy. The Proxy Voting Committee will (i) identify the perceived issue/conflict of interest; (ii) consider the course of action that the applicable portfolio manager and his/her team of analysts believes is in Clients' best interests; and (iii) review any documentation associated with the proxy vote and evaluate the proposal. Subject to the considerations of each Client's best interest, generally the Adviser will vote in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated), selection of auditors and increases in or reclassification in common stock and votes against proposals that make it more difficult to replace members of a board of directors. The Adviser believes that voting in accordance with these guidelines is in the best interests of its Clients.

Clients may obtain a copy of the Adviser's proxy voting policies and procedures and information about how the Adviser voted a Client's proxies by contacting Ryan MacDonald (Chief Compliance Officer) by email at [compliance@apertureinvestors.com](mailto:compliance@apertureinvestors.com) or by telephone at 212-521-5193.

**Item 18. Financial Information**

This Item is not applicable.