



Hunter Street Partners, LP

Part 2A of Form ADV
The Brochure
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This brochure provides information about the qualifications and business practices of Hunter Street Partners, LP (d/b/a Hunter Street Partners (“Hunter Street” or the “Adviser”). If you have any questions about the contents of this brochure, please contact us at +1 612-404-3100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about Hunter Street is also available on the SEC’s website at: www.adviserinfo.sec.gov. You can search this website by using our firm name, CRD #298142, or SEC #802-124986 which are unique identifying numbers of our firm.

Hunter Street is registered as an investment adviser with the SEC. Registration with the SEC does not imply a certain level or skill or training.

This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.

Item 2 - Material Changes

This item is not applicable as this is the first Brochure filed by the Adviser. In the future, this section will include any material changes that occurred since the last annual update of the Adviser's Brochure.

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Item 4 - Advisory Business

Hunter Street Partners, LP (“Hunter Street”) was formed in 2017 in Minneapolis, Minnesota to provide investment advisory services (each a “Fund” or a “Client” and, collectively, the “Funds” or the “Clients”) to target physical and financial asset-oriented investments in equity or credit opportunities across often overlapping verticals: corporate finance; real estate; and specialty finance. The Funds target investments directly or through strategic operating partner relationships by seeking market inefficiencies or dislocations consistently found in small to mid-size investments as well as larger off-the-run situations. Operating partners encompass a large universe of potential partners that include any individual or group that sources investment opportunities typically without committed pools of capital.

Previously at Värde Partners, Neal Johnson, Chief Executive Officer and Chief Investment Officer of Hunter Street, co-founded Isles Ranch to build an operating partner business that sourced and managed assets through a JV with an alternative investment management firm.

Mr. Johnson and other key team members of the Isles Ranch Minneapolis team launched Hunter Street. The collective team has worked together for ten years from both Isles Ranch and Värde Partners. The current Hunter Street team of ten combines backgrounds as both operating partners and institutional investors rooted in opportunistic credit / asset investing.

In providing services to the Funds, Hunter Street generally formulates the investment objective for each Fund, directs and manages the investment and reinvestment of each Fund’s assets and provides periodic reports to investors in each Fund. Investment advice is provided directly to each Fund and not individually to Investors. The Adviser does not tailor advisory services to the individual needs of Investors.

The Funds seek to achieve opportunistic risk-adjusted returns by targeting market inefficiencies or dislocations consistently found in small to mid-size investments as well as larger off-the-run situations throughout economic and business cycles within the United States. Hunter Street believes that inefficiencies often arise due to regulatory, operational, financial, market, industry, structural, political or idiosyncratic issues.

Hunter Street believes that its opportunistic, credit-intensive strategy and its team’s experience across acquisitions, financings and other special situations position it to provide creative investment solutions to these capital market inefficiencies both now and through economic and credit cycles.

Hunter Street is owned primarily by Neal Johnson, Chief Executive Officer and Chief Investment Officer. Hunter Street is managed by the Firm’s founders and partners, Neal Johnson, Peter Hommeyer, Andrew Platt and Jason Hegrenes (the “Principals”).

As of March 31, 2022, Hunter Street managed \$274,250,151 of regulatory assets under management on a discretionary basis on behalf of the Funds.

Item 5 - Fees and Compensation

Advisory Fees

The fees and expenses applicable to each Fund are set forth in detail in each Fund's respective governing documents. A summary of those fees and expenses is provided below.

The Funds pay a management fee to the Investment Manager during the term of the Fund. The Management Fee is paid quarterly in advance on the first day of each calendar quarter. During the Investment Period, the Management Fee with respect to each Limited Partner is 1.75% per annum of such Limited Partner's Capital Commitment. Thereafter, the Management Fee for each Limited Partner is 1.75% per annum of such Limited Partner's pro rata share of Invested Capital. The Management Fee may be paid out of Investment Proceeds, and to the extent necessary, from drawdowns, thereby reducing Undrawn Capital Commitments. However, from time to time, the Advisor may negotiate its fee.

The Advisor may in its discretion waive, reduce or calculate differently the Management Fee in respect of any Limited Partner without offering the same opportunity to other Limited Partners and expects to waive the Management Fee in respect of any employees, owners or affiliates of the Investment Manager, and other members of the Sponsor.

Placement agent fees will be treated as paid out of amounts allocable to such Limited Partner and the Management Fee in respect of such Limited Partner will be reduced on a dollar-for-dollar basis.

To the extent such offsets would reduce the Management Fee for a given quarterly period below zero, such offsets will be carried forward and reduce future installments of the Management Fee, but not any previously paid Management Fees.

Other Fees

Portfolio Companies

The General Partner, the Investment Manager or their affiliates may receive transaction, directors', consulting, advisory, management, monitoring, closing, break-up, servicing, disposition or administration fees and other similar fees from portfolio companies in connection with the Fund and its Investments and potential Investments ("Other Fees"). 100% of such Other Fees will be applied to reduce the Management Fee for such quarterly period (net of any unrecouped expenses associated with the Fund's investments).

Third Parties

The Fund may enter into an agreement with a third party (the "Independent Investor Representative") to serve as the independent investor representative of the Fund. The General Partner may appoint a different independent investor representative and Limited Partners will be notified of any such change. The Independent Investor Representative will be responsible for approving any "principal transactions" for the Fund (or AIV or SPV) within the meaning of Section 206(3) of the Advisers Act in which the Investment Manager or its Affiliate acts as principal for its own account with respect to the sale of a security to or purchase of a security from the Fund (or AIV or SPV). The role and responsibility of the Independent Investor Representative will not be to make investment recommendations or pricing determinations, or to comment on the merits of the transaction for which consent is requested. It is expected that any Independent Investor Representative would be indemnified out of the assets of the Fund. The Fund will pay the Independent Investor Representative's fees and reasonable out-of-pocket expenses incurred in connection with its services

rendered on behalf of the Fund. All Limited Partners, in making Capital Commitments, consent to the appointment and authority of the Independent Investor Representative.

Expense Reimbursement

To the extent any of the expenses are incurred on behalf of the Fund and any other funds or accounts managed by the Investment Manager, the Fund shall not bear more than its *pro rata* portion of such expenses (other than broken deal expenses incurred as described above under “*CERTAIN CONFLICTS OF INTEREST—Co-Investments*”), as determined by the General Partner using a fair and reasonable allocation methodology given the circumstances of such expenses. In such circumstance the Fund will reimburse the General Partner, the Investment Manager or their affiliates, as applicable, for any expenses paid by the General Partner, the Investment Manager or any such affiliates that are expenses to be properly borne by the Fund.

Expenses

The Fund will bear its share of all costs and expenses incurred in connection with the organization and startup of the Fund, the Investment Manager, the General Partner and the Offshore Fund (including its mini-master vehicle), including:

- Legal and accounting fees
- Printing costs
- Travel and out-of-pocket expenses; and
- All costs and expenses incurred in connection with the offering of interests in the Fund, including compliance with any Blue Sky laws and AIFMD and costs and expenses incurred in connection with the preparation, distribution, printing and negotiation of this Memorandum, any other marketing documents and organizational documents subject to an aggregate amount (together with such expenses of the Offshore Fund) not to exceed the Fund’s allocable share of \$500,000.

The Fund will pay all other cost and expenses attributable to the Fund’s activities, including without limitation:

- Management Fees;
- Any and all fees, costs and expenses incurred in connection with the evaluation, diligence, discovery, sourcing, investigation, development, researching, negotiation, financing, structuring, acquisition, consummation, monitoring, holding, maintaining, hedging, management or disposition of Investments (whether or not consummated) and temporary investments;
- Any and all fees, costs and expenses incurred in implementing or maintaining third-party software tools, programs or other technology for the benefit of the Fund;
- All auditing and accounting expenses of the Fund, including the preparation of any tax filings and Schedules K-1 (or similar schedules);
- Insurance premiums; costs related to any credit facility of the fund any and all operations and administration of the Fund, or of the General Partner and the Investment Manager on behalf of the Fund

In general, the Fund will bear all out of pocket expenses (including, without limitation, legal and accounting costs and travel expenses) associated with any co-investment opportunity that is unconsummated, including any portion thereof that may or would have been allocated to potential investors had such co-investment been consummated. Hunter Street will seek to allocate expenses of such unconsummated Investments to investors of the co-investment where it is appropriate and reasonable to do so.

For purposes of calculating the Carried Interest and Management Fees, any Investments held in an AIV or SPV will be treated as if held by the Fund.

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

In each Fund, a portion of the profits of each Fund is distributed to its general partner, if any, as carried interest. The General Partner of a Fund is a related person of the Adviser. The general partner, its affiliates and certain related persons will make a Capital Commitment to the Fund and the Offshore Fund and will not be subject to any Management Fee or Carried Interest.

The general partner of the relevant Funds, Hunter Street Fund I GP, LLC, generally receives performance-based compensation in the form of incentive allocation or carried interest of 20% of the annual net profits of the Fund or net proceeds attributable to a Fund investment, respectively. The carried interest may create an incentive for the general partner of the Partnership to make more speculative investments and make different decisions regarding the timing and manner of the realization of such investments, than would be made if such carried interest were not allocated to the general partner.

The exact method of calculation and other terms of any performance-based compensation are more fully detailed in each Fund's governing documents.

Item 7 - Types of Clients

Hunter Street provides advisory services to its Funds. Certain Funds are organized in a "mini-master feeder" structure, where the onshore fund and offshore fund invest substantially all of their assets in the master fund, although the feeder funds may make direct investments for tax, legal, or regulatory reasons.

Without the approval of any Limited Partner or any other person or entity, the General Partner may enter into a side letter or similar agreement with one or more Limited Partners executed in connection with the admission of such Limited Partners to the Fund.

The Adviser has formed entities to accommodate certain investors. The structure of such vehicles may differ from that of the Fund and such Parallel Vehicles may invest, in whole or in part, alongside the Fund on terms and conditions that may be similar to or that may differ from those of the Fund, including to the extent that legal, tax, regulatory, currency or other considerations dictate.

In particular, Hunter Street Offshore Fund I, LP, a Cayman Islands exempted limited partnership (the "Offshore Fund") may be formed to follow an investment program similar to that of the Fund but may not participate in all of the Fund's investments. As a result, the investment results of the Offshore Fund may differ from those of the Fund. The Offshore Fund is an investment fund designed for qualified non-U.S. investors and certain U.S. tax-exempt investors and managed by an affiliate of the General Partner.

Hunter Street also determines that if, for legal, tax, regulatory or other similar reasons, it is in the best interests of the Fund or one or more Partners that some or all of the Partners participate in investments or in potential investments through an alternative investment structure or structures, then all or a part of such investments by making such investments outside of the Fund by requiring some or all of the Partners to make capital contributions in respect of such investments through a partnership, limited liability company or other vehicle (also known as an "AIV") that will invest in lieu of or alongside the Fund or by transferring assets and/or liabilities to an AIV and admitting some or all of the Partners to such AIV.

Hunter Street has also formed certain entities in which third-party investors, as well as related persons, have invested in a single issuer to hold Investments, interim investments or other assets, to borrow funds or enter

into one or more credit facilities or arrangements, or for one or more other special purposes (each of the foregoing entities being an “SPV”) Hunter Street decides, in its sole discretion, which third parties may be offered an opportunity to invest in an SPV.

The minimum Capital Commitment to purchase a limited partnership interest and become a limited partner in the Fund is \$5 million. Capital Commitments of lesser amounts may be accepted at the sole discretion of the General Partner.

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

Investment Strategy

Hunter Street targets physical and financial asset-oriented investments in equity or credit opportunities across often overlapping verticals: corporate finance; real estate; and specialty finance. Examples of physical assets include real estate, inventory, equipment, transportation assets, and other tangible assets. Examples of financial assets include securities, receivables, contractual claims, agreements / rights, and other intangible assets.

Hunter Street targets opportunistic investments through strategic operating partner relationships by seeking what the firm believes are market inefficiencies or dislocations consistently found in small to mid-size credit and equity investments as well as larger off-the-run situations.

The Funds seek to provide flexible capital solutions for:

- Asset-based financings (*e.g.*, accounts receivable (“A/R”), inventory, equipment, other assets)
- Special situations (*e.g.*, recapitalizations, refinancings, restructurings)
- New origination (*e.g.*, senior/sub debt, mezzanine, preferred equity, equity)
- Secondary purchases of assets, loans, and securities (*e.g.*, one-off situations, portfolio acquisitions, non/sub-performing loans and leases, REO)

The Funds’ investments may include unsecured debt, mezzanine debt, senior debt, asset-backed securities, convertible debt, debtor-in-possession (“DIP”) financing, whole loans, loan participations, securities, trade claims, leases, derivative instruments, equity, and/or other financial instruments or obligations.

Investment Structure

The Funds’ investments may be strategically structured in a variety of ways, including, but not limited to:

- JV investments in which the Fund deploys capital through a JV with an operating partner.
- Direct investment in which the Fund deploys capital without an operating partner.
- “GP” co-investment in which the Fund invests pari-passu alongside a third-party capital provider and shares in deal-level operating partner performance fees.

Market Inefficiencies

Hunter Street’s goal is to apply its investment strategy to provide investors with efficient access to differentiated investments they may not achieve through larger funds, public markets, or through direct investments in this segment of the market.

To achieve its investment goals, Hunter Street will seek investment opportunities where:

- Traditional capital sources cannot respond quickly enough;
- Capital is scarce due to reasons other than fundamental value;
- Complexity, investment size, and/or relationships result in limited competition;
- The investment does not fit within the narrower mandate of banks and other financial institutions; and/or
- The investment supplements funds from conventional sources of capital.

Hunter Street believes market inefficiencies, dislocations and informational advantages will allow it to source investments at attractive valuations. Hunter Street believes these situations present compelling risk/reward opportunities because they often allow for prolonged periods of due diligence, are subject to less competition than larger capitalization transactions, and are frequently capital constrained throughout their life cycles and not just during periods of extreme distress. These opportunities are often found in the gaps between traditional private equity, private lending, and hedge fund strategies.

Investment Philosophy

The Fund seeks to generate superior risk-adjusted returns through attractive entry prices, creative structuring, and opportunistic exits. In practice, this means that the Fund generally works to structure investments creatively to maximize returns and mitigate downside risk. This can be accomplished through the structure of an investment or by investing in a specific legal entity for tax, collateral, and regulatory reasons to directly invest in an attractive asset or business, while avoiding exposure to problematic parts of a company.

Exploit Inefficiencies. The Fund will focus primarily on small to mid-size credit and equity investment opportunities. Hunter Street believes this segment of the market is less competitive than larger-capitalization private equity and distressed markets. Highly leveraged small to mid-sized businesses facing challenges or disruption are increasingly underserved by both traditional and alternative financing sources. Traditional financing sources are retreating from these types of transactions due to increased regulatory burdens, while alternative capital providers such as private equity firms and distressed managers have increasingly adopted strategies focused on larger transactions in response to the record sizes of their most recent funds. While some private lending funds have emerged to help fill the void in the segment, these funds focus largely on yield investments in healthy companies with simple stories. The Fund, by contrast, pursues attractive risk-adjusted returns in more complex, less competitive situations. These opportunities generally have limited financing options in the current market environment. Hunter Street believes that investors who are willing to expend the time and effort to identify these opportunities and have the experience to capitalize on them can source proprietary opportunities that are generally not subject to auctions or other competitive dynamics.

Align Interests. The Fund will invest opportunistically in a variety of sectors across corporate finance, real estate, and structured finance. The targeted investments will typically exhibit attractive risk-adjusted returns through creative structuring and entry prices below market, intrinsic, or replacement value. The investment team will manage the legal structure, governance documents, financing agreements, as well as relevant diligence materials to determine the optimal securities, instruments, or assets to target from a valuation, absolute return, risk mitigation and governance perspective. The Fund may invest directly or through strategic operating partner relationships structured to align interests. By utilizing this flexible approach, Hunter Street believes it will source the most attractive opportunities.

Hunter Street expects to tap its deep network of relationships with operating partners, executives, bankers, lawyers, and consultants to source proprietary or exclusive opportunities to invest long-term capital in opportunities that are generally outside the context of competitive auctions. The ability to respond quickly and structure creatively provides Hunter Street with a significant competitive advantage and should allow the Fund to acquire investments at a discount.

Protect Capital. The investment team applies a rigorous approach to financial, industry, and operational due diligence to identify the most compelling investment opportunities. Typically, these are opportunities that trade or sell at discounted valuations due to specific reasons that the Fund is well positioned to resolve. Due diligence begins with assessment of investment or asset value relative to comparable values. It then involves a detailed review of an opportunity's operating partner to determine the feasibility from an internal controls and governance perspective. The next step is to undertake a comprehensive analysis of operations, scenario analysis, stress test of assumptions, and development of a long-term outlook. Hunter Street's due diligence and asset management continue through the life of the investment via regular reporting, site visits, operating partner visits, back testing of projections, and annual reviews. Hunter Street expects to maintain control of any JV entities unless it believes it is being compensated appropriately to hold a minority position. Hunter Street will also seek to maintain concentration targets for operating partners, geographies, investment verticals, and industries/asset classes.

Monetize Strategically. Exit strategies will be based on market conditions and an assessment of the investment's position and future potential. The Hunter Street team has experience monetizing investments in both the public and private markets, all at once or gradually over time, in negotiated transactions or targeted sales into the public markets. Hunter Street intends to regularly evaluate the risk/return profile of an investment and to optimize its return on invested capital relative to the associated risks. In the period prior to an expected exit, the investment team will work closely with stakeholders to address key issues that will be relevant for prospective buyers.

Risk Management

Hunter Street expects to utilize a collaborative, multi-disciplinary risk management approach focused on investment, portfolio, and business risks.

At the investment level, Hunter Street will seek to mitigate risk through:

- Rigorous, consistent, and conservative underwriting
- Institutional quality reporting and operations
- Active asset management and oversight

The risk management process is dynamic and constantly refined through a feedback loop created as a function of Hunter Street's investment process, which is guided by its value-driven investment principals targeting investments created at attractive valuations, with an alignment of interests and a focus on downside protection. Risks can then be further mitigated through strategic market, industry / asset class, operating partner, and investment selection.

At the portfolio level, Hunter Street's portfolio management processes focus on:

- Concentration targets to mitigate idiosyncratic risks across:
 - Operating partners
 - Geographies
 - Investment verticals
 - Industries / asset classes

- Macro considerations that may impact the ‘bottoms-up’ analysis of any investment (*e.g.*, regulatory, tax, political, market, *etc.*)
- Potential ‘knock-on’ effects across industries / asset classes, geographies and investments

At the business level, Hunter Street utilizes its internal team and third-party service providers to focus on the following risks:

- Operating partner / counterparty
- Financial / fraud
- Legal / regulatory
- IT / cyber security
- Operational / administrative

Specific techniques used to monitor risk include:

- Stress testing investments and the portfolio by running scenario and sensitivity analyses both pre-close during underwriting as well as on an ongoing basis in conjunction with asset management.
- Monitoring concentrations as well as micro and macro developments in the portfolio.
- Reviewing business risks and the potential impact to the Fund.

Responses to potential risks are carried out through investment, portfolio, and asset management related decisions.

General Risks

No Assurance of Returns or Achieving Investment Objectives; Risk of Loss. There is no assurance that the Fund will be able to generate returns for its Limited Partners or that the returns will be commensurate with the risk of investing in the types of assets and transactions described in this Memorandum. There can be no assurance that the Fund’s investment objectives will be met or that Limited Partners will receive a return of all their Capital Commitments. Therefore, a Limited Partner should only invest in the Fund if the Limited Partner can withstand a total loss of its investment.

No Operating History for the Fund; Past Performance. The Fund is newly formed and has no operating history or performance record. No guarantee or representation is made that the Fund will achieve its objective or avoid substantial losses. Information contained in this Memorandum relating to prior investments made and managed by Hunter Street (including, without limitation, the Prior Fund) is not necessarily indicative of the future performance of the Fund. Investors could lose all or substantially all of their investment in the Fund.

“Start-Up” Business Risk. Although the senior investment professionals of the Investment Manager have each been active in the credit sector for some years, the Investment Manager has been in operation for a limited period of time. The Investment Manager remains subject to all of the risks, and may have operational difficulties as, a “start-up” business which may have an adverse effect on the Investment Manager’s ability to manage the portfolio successfully despite the success of its strategy.

Dependence on the Investment Manager. The Limited Partners will have no right or power to participate in the management of the Fund. The Limited Partners must rely on the Investment Manager and its key management personnel to make investment decisions consistent with the Fund’s investment objectives and

policies. The success of the Fund will depend significantly on the key members of the Investment Manager's management.

No Withdrawal Rights; Long-Term Commitment. Limited Partners may not make withdrawals from their capital accounts. Limited Partners, furthermore, may not receive any distributions until the conclusion of the Investment Period, at which point the timing of any distributions by the Fund may remain uncertain. The amount and timing of distributions to Limited Partners will depend on the available cash received by the Fund, which, in turn, will depend on the disposition of the assets held by such Fund as well as the General Partner's determination of the amounts that the Fund needs to hold in reserve to meet expenses and financial commitments.

There can be no assurance that all of the Fund's assets will be realized following the Investment Period, or that the General Partner will not determine to retain any substantial portion of the disposition proceeds received by the Fund as a reserve against future obligations. A Limited Partner will be committed to the Fund for six (6) or more years, irrespective of materially adverse changes to the General Partner, the Investment Manager, the Fund, general economic conditions and/or such Limited Partner's own financial situation.

Transfers Restricted. Interests may not be transferred — *i.e.*, assigned, sold, pledged, gifted, hypothecated or otherwise encumbered — without the prior written consent of, and on the terms approved by, the General Partner. A Limited Partner that is permitted to transfer its Interest will generally remain obligated to meet Drawdown Notices on the transferred Capital Commitment to the extent that the transferee does not do so.

Substantial Costs. The Fund itself will be subject to substantial costs and expenses, including the Management Fees payable to the Investment Manager, and the Carried Interest distributed to the General Partner.

Potential for Insufficient Investment Opportunities. The Investment Manager may not be able to secure a sufficient number of investment opportunities to utilize the full amount of the Capital Commitments. The activity of identifying, completing and realizing attractive distressed credit investments is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities generally will be subject to market conditions as well as to the prevailing regulatory and political climate. There can be no assurance that the General Partner and/or the Investment Manager will be able to leverage their relationships in order to obtain access to adequate desirable investments. Whether or not the General Partner and the Investment Manager are able to deploy all of the Limited Partners' Capital Commitments, such Capital Commitments are likely to remain outstanding for a number of years.

Technological Advances. Technological advances can rapidly render collateral that once had considerable value effectively worthless. Given the speed of technological advances in certain market sectors, such degradations in value could occur several times within the medium-term time horizons expected for the Fund's Investments.

Cybersecurity. Hunter Street, the Fund, their service providers, counterparties and other market participants on whom the Fund and the General Partner rely 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 Fund and/or their respective investors, despite the efforts of Hunter Street, the General Partner, service providers, counterparties and other market participants on whom the Fund and the General Partner rely 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 Fund and/or its investors.

The European Union (“EU”) General Data Protection Regulation (“GDPR”) recently took effect in all EU member states. The GDPR introduces new obligations on controllers and rights for data subjects and introduces fines for serious breaches. The implementation of the GDPR could adversely impact the Fund’s business by increasing its operational and compliance costs.

Political Uncertainty. Some of the results of recent elections and referenda in the United States, the United Kingdom (the “UK”), Italy, China, India, and other developed market countries in the EU and elsewhere have been unexpected and resulted in material market changes and increases in market uncertainty. The foregoing changes in political regimes have destabilized long-held treaties and customs between nations leading to further market instability in both developed and emerging countries. Given recent changes in administrations and applicable law following these votes, the future of current regulations, or the adoption of new regulations, is also uncertain. These uncertainties may have adverse impacts on, or alternatively create investment opportunities for, the Fund.

Risk of Natural Disasters, Epidemics, and Terrorist Attacks. Countries and regions in which the Fund may invest, where Hunter Street has offices, or where the Fund or Hunter Street otherwise do business are susceptible to natural disasters (*e.g.*, fire, flood, earthquake, storm, and hurricane) and epidemics, pandemics, or other outbreaks of serious contagious diseases. The occurrence of a natural disaster or epidemic could adversely affect and severely disrupt the business operations, economies, and financial markets of many countries (even beyond the site of the natural disaster or epidemic) and could adversely affect the Fund’s investment program or Hunter Street’s ability to do business. In addition, terrorist attacks, or the fear of or the precautions taken in anticipation of such attacks, could (directly or indirectly) materially and adversely affect certain industries in which the Fund invests, where Hunter Street has offices, or where the Fund or Hunter Street otherwise do business. Other acts of war (*e.g.*, war, invasion, acts of foreign enemies, hostilities, and insurrection, regardless of whether war is declared) could also have a material adverse impact on the financial condition of industries or countries in which the Fund invests.

COVID-19. In the beginning of 2020, the global outbreak of Coronavirus COVID-19 (“COVID-19”) created enormous unprecedented economic and social uncertainty throughout the world. As of the date hereof, that uncertainty continues and has increased in scope and intensity. The ultimate impact of the COVID-19 outbreak (or of any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict, but as of the date hereof, COVID-19 and the reactions to it have already had a dramatic adverse effect on global, national and local economies and on financial markets, and there is a significant likelihood that such negative impact will persist for some time during the life of the Fund. In particular, disruptions to the commercial activity of the General Partner, the Investment Manager, the Fund and the Fund’s various counterparties and service providers, as well as across economies generally, due to the imposition of quarantines, business continuity plans, remote working policies, “social distancing” practices and travel restrictions, and/or failures to contain the outbreak despite these measures, could materially and adversely impact the Fund’s Investments, both in the near- and long-term in a variety of industries and regions or globally. The imposition of such restrictions (including “shelter in place” or “lock-down” directives) could materially disrupt the Fund’s business activities, including travel by personnel in connection with potential or existing investments, in turn negatively affecting the Fund’s ability to effectively identify, monitor, operate and dispose of Fund Investments and operate the Fund in general. Similar disruptions have occurred and may continue to occur in respect of the Fund’s service providers and counterparties (including providers of financing). In addition, the outbreak of COVID-19 has contributed to, and may continue to contribute to, volatility in financial markets, which may disrupt historical pricing relationships or trends, causing positions to become illiquid, disrupt the availability of financing or negatively impact the performance of the Fund’s accounts. Governmental responses to the COVID-19 outbreak may be inadequate to limit the outbreak’s spread or to mitigate its impact on any nation’s economy or the global economy, and these responses could have adverse effects, intended and unintended, on market structures and the overall, long

term performance of markets. The extent to which COVID-19 affects the Fund will depend on a variety of factors and developments, which can occur extremely rapidly but cannot be predicted—including emerging new information about the severity of COVID-19, the actions taken to contain COVID-19, and actions proposed or taken to mitigate its impact. Future outbreaks of other infectious diseases or any other serious public health concerns may lead to similar disruptions.

Risks Associated with the Investment Strategy

Significant “Long Bias” in the Fund’s Portfolio. The Fund has been formed primarily to acquire long positions in instruments identified by the Investment Manager as undervalued. The “long bias” to the Fund’s portfolio will mean that a substantial percentage of its positions may be highly correlated in the case of events — such as interest-rate increases or an accentuated “credit crisis” — that cause outstanding debt instruments to decline in value.

Illiquid Investments. Hunter Street expects that many of the Fund’s Investments will be highly illiquid. The Fund will invest in non-publicly-traded securities, private debt instruments and real property and hard assets. The number of potential purchasers and sellers, if any, for such Investments may be very limited. Typically, the larger the issuer in which the Fund invests, the fewer the strategic buyers available and the more protracted the Fund’s exit strategy is likely to be. The Fund also may invest in other assets and instruments, such as trade and litigation claims, for which there is little or no market. The illiquid nature of the Fund’s positions will make it difficult if not impossible for the Fund to close out unprofitable positions and redeploy capital.

No Assurance of Distributions. There can be no assurance that Limited Partners will receive distributions from the Fund in an amount equal to their investment in the Fund. The timing of profit realization, if any, is highly uncertain. The Fund’s operating costs, including the Management Fee payable to the Investment Manager, may exceed the Fund’s income, thereby requiring the difference to be paid out of the Fund’s capital. Most of the capitalization of the Fund, except for operating cash reserves and funds set aside for follow-on investments in the Investments then in process, are expected to be invested or committed during the Investment Period. The expenses of the Fund in its early years will likely exceed its income. Such losses will reduce Fund capital. It is possible these losses may never be recovered.

Concentration. Although the Fund will seek to diversify its portfolio, it is not subject to any formal diversification limitations. As such, the Fund may become concentrated in one or more particular sectors, industries or geographic locations. Further, such limitations may be waived with the consent of the L.P. Advisory Committee. Accordingly, the failure of only a limited number of these Investments could make it highly unlikely that the Fund will be able to achieve its investment objective (or avoid substantial losses). The investment portfolio of the Fund may be subject to more rapid change in value than would be the case if the Fund were required to maintain a wider diversification among companies, industries and types of securities.

The Fund’s portfolio, moreover, may be heavily concentrated in U.S. issuers. The economies of the United States and Canada tend to be highly correlated and inter-connected. A recession in North America could materially adversely affect the issuers in which the Fund invests as well as the value of the collateral securing its Investments.

Debt Securities. Debt securities are, in general, subject to price volatility due to various factors including changes in interest rates, market perception of the creditworthiness of the issuer and general market liquidity. In addition to the sensitivity of debt securities to overall interest rate movements, debt securities involve a fundamental credit risk based on the issuer’s ability to make principal and interest payments on the debt it issues.

Debt securities may pay fixed, variable or floating rates of interest, may include zero coupon obligations and may be subordinated (and thus exposed to the first level of default risk) or otherwise subject to substantial credit risks.

The Fund may invest in both investment grade debt securities and non-investment grade debt securities (commonly referred to as “junk bonds”). Non-investment grade debt securities in the lowest rating categories may involve a substantial risk of default or may be in default. The value of such debt typically trades almost entirely on the basis of credit risk rather than interest-rate fluctuations.

Distressed Instruments. The Fund may invest in select companies and issuers that, in the view of the Investment Manager, have the potential over the long-term for capital growth. Investment in the instruments of financially troubled issuers and operationally troubled issuers involves a high degree of credit and market risk. There can be no assurance that such financially troubled issuers or operationally troubled issuers can be successfully transformed into profitable operating companies. There is a possibility that the Fund may incur substantial or total losses on its Investments or that such Investments may not show any return for a considerable period of time. Under such circumstances, the returns generated from the Fund’s Investments may not compensate investors adequately for the risks assumed. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There can be no assurance that the Investment Manager will correctly evaluate the value of a company’s assets or the prospects for a successful reorganization or similar action. During an economic downturn or recession, instruments of financially troubled or operationally troubled issuers are more likely to go into default than instruments of other issuers. In addition, it may be difficult to obtain information about financially troubled issuers and operationally troubled issuers.

Instruments of financially troubled issuers and operationally troubled issuers are less liquid and more volatile than instruments of companies not experiencing financial difficulties. The market prices of such instruments are subject to erratic and abrupt market movements, and the spread between bid and asked prices may be greater than normally expected. In addition, it is anticipated that many of the Fund’s Investments may not be widely traded and that the Fund’s investment in such instruments may be substantial relative to the market for such instruments. As a result, the Fund may experience delays and incur losses and other costs in connection with the sale of its portfolio instruments.

Troubled company and other asset-based investments require active monitoring and may, at times, require participation in business strategy or reorganization proceedings by the Investment Manager. To the extent that the Investment Manager becomes involved in such proceedings, the Fund may have a more active participation in the affairs of the issuer than that assumed generally by an investor. In addition, involvement by the Investment Manager in an issuer’s reorganization proceedings could result in the imposition of restrictions limiting the Fund’s ability to liquidate its position in the issuer or increase the likelihood of the Fund being involved in litigation.

Non-Performing Nature of Loans. It is anticipated that certain loans purchased by the Fund (or originated by the Lending Vehicle (if any)) will be non-performing and possibly in default. Furthermore, the obligor and/or relevant guarantor may also be involved in bankruptcy or in liquidation proceedings. There can be no assurance as to the amount and timing of payments with respect to the loans. Although the Investment Manager will attempt to manage these risks, there can be no assurance that the Investments will increase in value or that the Fund will not incur significant losses.

Lower Rated and Unrated Credit Securities. The Fund may invest in lower rated and unrated credit securities. Many of the issuers of such securities and their obligations are not rated by any credit rating agency, and a significant portion of such issuers and obligations would likely fall in the lowest rating category if they were rated. There is greater risk that issuers of lower rated and unrated credit securities will default on their obligations to pay interest or to repay principal than in the case of issuers of higher-

rated securities. Such issuers are also at greater risk for insolvency. The prices of lower or unrated credit securities are likely to be more sensitive to adverse economic changes or individual corporate developments than higher-rated securities. During an economic downturn or substantial period of rising interest rates, lower or unrated issuers and, in particular, highly leveraged issuers may experience financial stress that adversely affects their ability to service their principal and interest payment obligations, to meet their projected business goals or to obtain additional financing. In the event of a default, the Fund will likely incur additional expenses to seek a recovery of its investment in a restructuring or other proceeding. The secondary market for lower and unrated securities will likely be less liquid (or even non-existent) than markets for higher quality securities and, as such, may have an adverse effect on the market prices of certain securities. The illiquidity of the market could make it difficult for the Fund to sell such securities. There are fewer dealers in the market for lower and unrated securities than investment grade securities. The prices quoted by different dealers may vary significantly and the spread between the bid and asked price is generally much larger than for higher quality instruments. Since investors generally perceive that there are greater risks associated with lower or unrated credit securities, the yields and prices of such securities may tend to fluctuate more than those for higher rated securities. In the lower quality segments of the credit markets, changes in perceptions of issuers' creditworthiness tend to occur more frequently and in a more pronounced manner than do changes in higher quality segments of the credit markets, resulting in greater yield and price volatility.

Corporate Debt Obligations, Convertible Securities and High-Yield Securities. The Fund may invest in corporate debt obligations, convertible securities (which are securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company, or securities that are indexed to an unmanaged market index, at the option of the holder during a specified time period), high-yield securities and securities that are not rated by a rating entity.

The market value of debt securities generally tends to decline as interest rates increase and, conversely, increase as interest rates decline. Convertible securities also appreciate when the underlying common stock appreciates, and conversely, depreciate when the underlying common stock depreciates. 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. The Investment Manager may actively expose the Fund to credit risk. However, there can be no guarantee that the Investment Manager will be successful in making the right investment decisions and thus mitigate the impact of credit risk changes on the Fund.

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.

Bank Loans and Participations. The Investment Manager may invest a portion of the Fund's assets in bank loans and participations. Bank loans generally refer to corporate loans extended by commercial banks and other financial institutions or institutional investors to companies that need capital to grow or restructure. A participation interest represents a fractional interest in a loan held by the lender selling the participation interest. Accordingly, a holder of participation interests (*i.e.*, the Fund) will not have any direct contractual relationship with the borrower and will have limited rights to consent to modifications of the loan and limited ability to directly enforce its rights. The Fund 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 special risks associated with these obligations include (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (ii) so called

“lender liability” claims by the issuers of the obligations, (iii) environmental liabilities that may arise with respect to collateral securing the obligations, (iv) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality and (v) limitations on the ability of the Fund or the Investment Manager to directly enforce their rights with respect to participations.

In addition, in the event of the insolvency of the selling institution, under the laws of the United States and the states thereof, the Fund may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution’s interest in, or the collateral with respect to, the secured loan. Consequently, the Fund may be subject to the credit risk of the selling institution as well as of the borrower. Certain of the secured loans or loan participations may be governed by the law of a jurisdiction other than a United States jurisdiction which may present additional risks as regards the characterization under such laws of such participation in the event of the insolvency of the selling institution or the borrower.

Successful claims by third parties arising from these and other risks, absent bad faith, may be borne by the Fund.

The Fund does not currently intend to originate, organize or serve as agents in connection with bank loans and participations.

Borrower Fraud. Fraud by borrowers or potential borrowers could cause the Fund to suffer losses. A borrower or potential borrower could defraud the Fund by, among other things, directing the proceeds of collections of its accounts receivable to bank accounts other than the Fund’s established lockboxes; failing to accurately record accounts receivable aging; overstating or falsifying records showing accounts receivable; or providing inaccurate reporting of other financial information. The failure of a borrower or potential borrower to accurately report its financial position, compliance with loan covenants or eligibility for additional borrowings could result in the loss of some or the entire principal of a particular loan or loans.

Credit Analysis and Credit Risk. The investment strategies to be utilized by the Investment Manager may require accurate and detailed credit analysis of issuers. There can be no assurance that the Investment Manager’s analysis will be accurate or complete. The Fund may be subject to substantial losses in the event of credit deterioration or bankruptcy of one or more issuers in its portfolio. There can be no assurance the Fund will have the ability to establish credit risk hedges in the marketplace or, if established, that the hedges will offset losses.

Competition in the Consumer Credit Industry. The consumer credit industry is highly competitive. As new credit companies enter the market and companies try to expand their market share, effective advertising, target marketing and pricing strategies grow in importance. A bank’s or other account owner’s ability to compete in this industry environment will affect its ability to generate new receivables and might also affect payment patterns on the receivables. If the rate at which a bank or other account owner generates new receivables declines significantly, such bank or other account owner might be unable to transfer additional receivables or designate additional accounts to those trusts or accounts holding the consumer credit receivables, including those held by the Fund, and an amortization event could occur, resulting in payment of principal sooner than expected. If the rate at which a bank or other account owner generates new receivables for a trust or account held by the Fund decreases significantly at a time when the Fund is scheduled to receive principal, the Fund might receive principal more slowly than planned.

Credit Ratings. Credit ratings of structured finance products, other debt instruments and investments represent the rating agencies’ opinions regarding their credit quality and are not a guarantee of future credit performance of such securities. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value. Therefore, the ratings assigned to

securities by rating agencies may not fully reflect the true risks of an investment. Further, in recent years many highly rated structured securities have been subject to substantial losses.

Uncertain Recovery Value of Collateral. A substantial component of the Investment Manager's analysis of the desirability of making a given Investment relates to the estimated residual or recovery value of such Investments in the event of the insolvency of the issuer. This residual or recovery value will be driven primarily by the value of the underlying assets constituting the collateral for such Investment. The value of collateral can, however, be extremely difficult to predict and in certain market circumstances there could be little, if any, market for such assets. Moreover, depending upon the status of these assets at the time of an issuer's default, they may be substantially worthless. The types of collateral owned by the issuers in which the Fund invests will vary widely, and during times of recession and economic contraction, there may be little or no ability to realize on any of these assets.

Reliance on Corporate Management and Financial Reporting. The successful operation of a portfolio company will generally depend heavily on the skills and performance of a small management team, the members of whom will often have limited or no prior experience managing an enterprise. There can be no assurance that the Fund's involvement with a portfolio company will be sufficient or effective enough to protect the Fund's Investment in such portfolio company. There can be no assurance that the management of a portfolio company will perform satisfactorily, and any failure to perform could materially and adversely affect the Fund's Investment in such portfolio company. There also can be no assurance that a portfolio company will be successful in retaining key members of its management team, the loss of whom could have a material adverse effect on the Fund's Investment in such portfolio company. Although the Investment Manager will monitor the performance of each Investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the Fund generally intends to invest in companies with strong management, there can be no assurance that the existing management of such companies will continue to operate a company successfully.

The Investment Manager will select Investments for the Fund in part on the basis of information and data filed by issuers of securities with various government regulators and publicly available or made directly available to the Investment Manager by such issuers or third parties. Although the Investment Manager will evaluate all such information and data and seek independent corroboration when it considers it appropriate and reasonably available, the Investment Manager will not be in a position to confirm the completeness, genuineness or accuracy of such information and data. The Investment Manager is dependent upon the integrity of the management of such issuers and of such third parties as well as the financial reporting process in general. Investors, such as the Fund, can incur liabilities as a result of corporate mismanagement, fraud and accounting irregularities.

Issuers in Weak Financial Condition. The Fund will invest in distressed securities and in other assets and instruments, such as trade and litigation claims, that may facilitate taking control of distressed issuers. These securities, assets and instruments by their nature are issued by or relate to companies in unstable financial condition and entail substantial inherent risks. Although the Investment Manager will attempt to manage these risks, there can be no assurance that the Fund's Investments will increase in value or that the Fund will not incur significant losses. Given the distressed nature of the issuers in which the Fund invests, it is possible that a meaningful number of the Fund's Investments may be total write-offs — the profit potential of the Fund depending on the significant success of the Fund's other Investments. Limited Partners should be prepared to lose all or substantially all of their Capital Commitment to the Fund (as well as the reinvestment proceeds of such Fund's Investments).

Issuer Leverage. Because the Fund's Investments are expected to be in issuers with leveraged capital structures, such Investments will be subject to increased exposure to adverse economic factors such as a rise in interest rates, a downturn in the economy or further deterioration in the condition of a particular issuer and/or its market sector. The Fund will invest in issuers that are unable to generate sufficient cash

flow to meet the principal and interest payments on its outstanding indebtedness. The value of the Fund's Investment in such a company could be significantly reduced or even eliminated as a result of any further deterioration in the credit standing of such company.

Projections. The Fund may make Investments relying, in part, upon projections developed by the Investment Manager or a portfolio company concerning such company's future performance, cash flow, recovery value and other factors. Projections are inherently uncertain and subject to factors beyond the control of the Investment Manager and the issuer in question. The inaccuracy of certain assumptions, the failure of a portfolio company to satisfy certain financial requirements and the occurrence of unforeseen events could cause any such projection to be materially inaccurate.

Uncertain Exit Strategies. Due to the less liquid nature of most of the Investments in which the Fund is expected to invest, the Investment Manager is unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available. Exit strategies which appear to be viable when an Investment is initiated may be precluded by the time the Investment is ready to be realized due to economic, legal, political or other factors.

Non-Consummation Risk. In the Fund's special situations investing, they will be subject to the risk of the non-consummation of the reorganization, asset or business unit sale, merger, *etc.* that created the special situation in question. A special situation investment will typically incur material losses in the event of non-consummation. While the Investment Manager will attempt to limit this risk by the timing of the Fund's Investment(s) and possible hedging activities, the profitability of the Fund's special situation Investments will primarily depend on successful consummation.

Subordination, "Cramdowns" and Dilution. The Fund as senior secured creditors of an issuer can find themselves subordinated to otherwise junior creditors. For example, a bankrupt issuer may apply to the bankruptcy court for "debtor in possession" financing in order to obtain new capital for its operations. The persons who invest such new capital will take a senior position to the Fund, even though the Fund was previously senior to such persons. The Fund would likely be given an opportunity to participate in such financing but might not have the resources or be permitted under its diversification policies to do so. The reorganization plan approved by the bankruptcy court may result in a number of different creditors being compelled to accept materially adverse changes to the terms of the debt that they hold — including reduced interest rates, extended maturities and reduced acceleration rights. Such "cramdowns" may be imposed in the discretion of the bankruptcy court in order to give the issuer a better chance of remaining economically viable.

In a reorganization, substantial amounts of equity are often issued to the senior lenders in return for the extinguishment of their debt. This can result in substantial dilution to an equity position previously acquired by the Fund — either directly or through the acquisition of convertible debt.

Uncertainties of Foreclosure Process. The Investment Manager concentrates on acquiring debt that is secured by assets that the Investment Manager believes to have a value adequate to ensure payment of such debt. However, if it becomes necessary to foreclose on the assets underlying a loan acquired by the Fund, significant uncertainty may arise as to the outcome of the proceeding. Bankruptcy judges have broad discretion as to how they deal with the claims of different creditors, and the claims of secured creditors may not — despite their legal entitlement — always be respected as a matter of policy. The Fund may invest in restructurings and workouts that involve issuers that are experiencing, or are expected to experience, severe financial difficulties, which may never be overcome and may lead to uncertain outcomes. The bankruptcy courts have broad discretion to control the terms of a reorganization, and political factors may be of significant importance in the more high profile bankruptcies. For example, in order to protect net operating losses of a company in bankruptcy, a bankruptcy court might take any number of actions, including

prohibiting or limiting the transfer of claims held by certain classes of creditors. Such a prohibition could have a material adverse effect on the value of certain Investments made by the Fund. For example, the Fund might be prohibited from liquidating Investments that are declining in value.

Lender Liability; Equitable Subordination. In recent years, a number of judicial decisions have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, collectively referred to as “lender liability.” Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. The Fund may become subject to allegations of lender liability. The Fund cannot provide assurance that these claims will not arise or that they will not be subject to significant liability if a claim of this type did arise.

In addition, 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 to the detriment of other creditors of such borrower; (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 to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination.”

Fraudulent Conveyance Considerations. Various laws enacted for the protection of creditors may apply to certain Investments that are debt obligations, although the existence and applicability of such laws will vary from jurisdiction to jurisdiction. For example, if a court were to find that the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and the grant of any security interest or other lien securing such investment, and, after giving effect to such indebtedness, the borrower (i) was insolvent, (ii) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could invalidate such indebtedness and such security interest or other lien as a fraudulent conveyance, subordinate such indebtedness to existing or future creditors of the borrower or recover amounts previously paid by the borrower (including to the Fund) in satisfaction of such indebtedness or proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness. In addition, if an issuer in which the Fund has an investment becomes insolvent, any payment made on such Investment may be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year) before insolvency.

In general, if payments on an Investment are voidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient or from subsequent transferees of such payments. To the extent that any such payments are recaptured from the Fund, the resulting loss will be borne by such Fund’s Limited Partners.

Litigation. Foreclosures and reorganizations are contentious and adversarial. It is by no means unusual for participants to use the threat of, as well as actual, litigation as a negotiating technique. It is possible that the Fund may be named as defendants in civil proceedings relating to certain of the Fund’s Investments. The expense of defending against such claims and paying any resulting settlements or judgments will be borne by the Fund. Each of the Indemnitees is indemnified in connection with such litigation, subject to certain conditions, and any indemnification payments would adversely affect the Fund’s returns. Indemnification obligations will survive the dissolution of the Fund, and may cause the General Partner to retain a material reserve from what would otherwise have been the winding-up proceeds distributed to Limited Partners.

Participation on Creditors' Committees. The Fund may participate on committees formed by creditors to negotiate with the management of financially troubled companies that may or may not be in bankruptcy. The Fund may also seek to negotiate directly with debtors with respect to restructuring issues. When the Fund choose to join a creditors' committee, the Fund would likely be only two of many participants, each of whom would be interested in obtaining an outcome that is in its individual best interests. There can be no assurance that the Fund would be successful in obtaining results most favorable to themselves in such proceedings, although the Fund may incur significant legal fees and other expenses in attempting to do so. As a result of participation by the Fund on such committees, the Fund may be deemed to have duties to other creditors represented by the committees, which might thereby expose the Fund to liability to such other creditors who disagree with the Fund's actions.

Minority Investments. The Fund may make minority investments. In these situations, there is the possibility that the company in which the Fund invests or other investors in such company may have economic or business interests or goals that are inconsistent with those of the Fund, and the Fund may have a limited ability to protect or influence the value of or exit the Fund's Investment in the entity.

Control Investments. The Fund may be a lead or control a significant investor in the companies in which it invests. The Fund may not, however, have the right to participate in the day-to-day management, control or operations of the companies in which it invests, nor may it have the right to remove the managers thereof. Nonetheless, the Fund (alone, together, or together with other investors) may be deemed to have a control position with respect to companies in which the Fund invests, which could expose it to liabilities not normally associated with minority equity investments, such as additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored. Not only can control investments take an inordinately long period to exit, but also the General Partner's position of control can be highly resource-intensive and contentious. The General Partner and the Fund may from time to time, come into possession of material non-public information concerning specific issuers, although internal structures are in place to prevent misuse of such information (see "*Potential Conflicts of Interest—Other Accounts; Allocation of Opportunities*").

Receipt of Confidential Information. Hunter Street has established policies and procedures reasonably designed to prevent the misuse by Hunter Street and its personnel of material information regarding particular issuers that has not been publicly disseminated ("material non-public information"), in accordance with the requirements of the Advisers Act and U.S. federal securities laws. In general, under such policies and procedures and law, Hunter Street is not permitted to render investment advice as to, or otherwise trade in, for its own account or for the accounts of its affiliates or clients, public securities of an issuer while in possession of material non-public information regarding such issuer. Hunter Street has procedures that outline the process by which Hunter Street will determine whether to elect to receive material non-public information, or whether Hunter Street will determine not to receive material non-public information, in any given case. This determination will be made on an issuer-by-issuer basis. It should be noted that Hunter Street's determination regarding whether or not to receive material non-public information regarding a specific issuer may have implications for the services Hunter Street is able to provide to certain clients in certain situations, including the Fund. For example, where Hunter Street has determined to receive material non-public information regarding an issuer in connection with its clients' potential investments in distressed debt situations or loan assets of such issuer, Hunter Street will be prohibited from rendering investment advice to clients, including the Fund, regarding the public securities of such issuer, thereby potentially limiting the universe of public securities that Hunter Street may purchase or potentially limiting the ability of Hunter Street to sell particular securities. Similarly, where Hunter Street declines access to (or otherwise does not receive) material non-public information regarding an issuer, Hunter Street may base its investment decisions for its clients, including the Fund, with respect to the distressed debt opportunities of such issuer solely on public information, thereby limiting the amount of information available to Hunter

Street in connection with such investment decisions. In deciding whether to accept material non-public information in distressed debt situations, additionally Hunter Street will need to weigh (i) the risks of being “frozen” in a position due to the receipt of material non-public information against (ii) the profit potential of the investment. A miscalculation of the risk could lead to major losses which the General Partner is unable to control because the General Partner is unable to transact in the securities of the issuer in question in order to limit the Fund’s exposure. In making its determinations whether or not to elect to receive material non-public information, Hunter Street will endeavor to act fairly to its clients as a whole.

Regulatory Capital Trades. Investments by the Fund in entities that have regulatory capital requirements may, depending on the level of, or type of, investment, require pre-approval by self-regulatory organizations or regulatory agencies, both in the U.S. and in member states of the EU, and there can be no assurance any such approval will be granted. The Fund intends for its investments, if any, to be below any threshold that would cause the Fund to conclusively or presumptively control a depository institution or a depository institution holding company under applicable banking laws, and to thereby avoid becoming subject to onerous banking laws. In addition, entities that need regulatory capital relief in order to comply with regulatory capital requirements may be experiencing significant financial or business difficulties. The Fund may lose a substantial portion or all of its investment in such entities. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such entities. In addition, because the market for these investments may have limited liquidity, these illiquid investments may be difficult to value and their sales may be possible only at a substantial discount. Such investments also may be adversely affected by U.S. state and federal, or EU national, laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court’s discretionary power to disallow, subordinate or disenfranchise particular claims. In addition, a financial institution may become subject to restrictions imposed by the applicable central government as the result of such financial institution accepting an offer of recapitalization by such government; such restrictions may include restrictions on the paying out of dividends to shareholders.

Certain Direct Investments in Micro-Cap and Small-Cap Companies. Certain operating entities in which the Fund may invest directly may be micro-cap and small-cap companies. While these smaller companies may have significant potential for growth, they may also be higher risk investments. Small, start-up companies often lack the capability to diversify, a wide customer base, extensive manufacturing capability or experience and access to capital markets, which may severely limit their ability to grow. Hence, the business risk associated with investing in these companies is considerable.

Control investing strategies may entail increased litigation risk. Such investment activities may include activities that are hostile in nature and subject the Fund to the risks of becoming involved in litigation by third parties. This risk may be greater where the Fund exercises control or significant influence over the Fund’s direction. The expense of defending against claims and paying any amounts pursuant to settlements or judgments would be borne by the Fund through its investments in such companies.

Further, ownership of companies over certain threshold levels involves additional filing requirements and substantive regulation on such owners, and if the companies and their managers fail to comply with all of these requirements, the funds managed by them may be forced to disgorge profits, pay fines or otherwise bear losses or other costs from such failure to comply.

Model Risk. The Investment Manager may utilize quantitative models in implementing certain of the Fund’s investment strategies. As market dynamics shift over time, due to factors such as changed market conditions and participants, a previously highly successful model could become outdated or inaccurate, perhaps without the Investment Manager’s recognizing that fact before substantial losses are incurred. There can be no assurance that the Investment Manager will be successful in developing and maintaining effective quantitative models.

Importance of Market Judgment. Although the Investment Manager will use quantitative valuation models in evaluating the economic components of certain prospective Investments, the Investment Manager's strategy will rely primarily on the market judgment and discretion of the Investment Manager's personnel. The greater the importance of subjective factors, the more unpredictable a trading strategy becomes.

Expedited Transactions. Investment analyses and decisions by the Investment Manager may be undertaken on an expedited basis in order to make it possible for the Fund to take advantage of short-lived investment opportunities. In such cases, the available information at the time of an investment decision may be limited, inaccurate and/or incomplete. Furthermore, the Investment Manager is unlikely to have sufficient time fully to evaluate even such information as is available.

There is a significantly increased risk of making poor investments when they are made on an expedited basis.

Model Valuations of Collateral. Certain of the Fund's Investments will be based, in part, on complex models that incorporate a range of different inputs. Inadequate or incorrect factual information, misstated assumptions, as well as unforeseeable changes in economic factors can cause these models to yield materially inaccurate valuations — even if the model is fundamentally sound. Moreover, there can be no assurance that the Investment Manager's models are fundamentally sound, or more accurate than its competitors'.

The models used by the Investment Manager will typically require certain market forecasts. There can be no assurance that such forecasts will be accurate, and, to the extent that they are not, the Fund may be adversely affected.

Particularly given the high level of illiquidity currently prevalent in the markets, there is a substantial risk of model valuations differing from realizable values.

Interest-Rate/Inflation Exposure. The Fund will be exposed to interest-rate risk. Increases in interest rates will decrease the likelihood of successful workouts of distressed debt, and increase the likelihood of defaults and foreclosures. In addition, increasing interest rates (currently at or near historical lows) will cause the outstanding debt securities held by the Fund to decline in value. The debt of the distressed issuers in which the Fund will invest is priced primarily on assessments of the credit quality of the issuers rather than prevailing interest rates. Substantial inflation could assist certain of such issuers by permitting them to pay off their debt in inflated dollars. However, in general, interest-rate increases and rising inflation can be expected to materially adversely affect the Fund.

LIBOR Risk. Benchmarks, such as the London Interbank Offered Rate ("LIBOR"), may be terminated or altered. Interest rates and indices which are deemed to be "benchmarks" (including LIBOR) are the subject of recent national and international regulatory reform. The general increased regulatory scrutiny of these "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations. LIBOR is an estimate of the rate at which a subset of banks (known as the panel banks) could borrow money on an uncollateralized basis from other banks. The United Kingdom Financial Conduct Authority, which regulates LIBOR, has announced that it will not compel banks to contribute to LIBOR after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forward. These reforms may result in LIBOR and other "benchmarks" to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on the Fund and its investment activities.

The Fund may undertake transactions in instruments that are valued using LIBOR. Therefore, the termination of LIBOR presents risks to the Fund. There is no certainty as to what rate or rates may become

market-accepted alternatives to LIBOR or how those alternatives may impact the Fund or its investment returns. There may not be any alternative benchmark that reflects the composition and characteristics of LIBOR, and there may be dramatic shifts in debt investments and the debt markets generally. Any of the foregoing could materially adversely impact results for the Fund.

Risks Associated with Certain Instruments or Techniques

Loans. Loans may be subject to price volatility due to various factors including, but not limited to, changes in interest rates, market perception of the creditworthiness of the borrower and general market liquidity. The Fund may invest in loans to distressed borrowers, which are typically subject to greater market fluctuations and risks of loss of income and principal and are often influenced by many of the same unpredictable factors which affect equity prices. Loans involve a fundamental credit risk based on the borrower's ability to make principal and interest payments.

The Fund may also invest in loan participations where it will be subject to certain additional risks as a result of having no direct contractual relationship with the borrower of the underlying loan. In such circumstances, the Fund generally would depend on the lender to enforce its rights and obligations under the loan arrangements in the event of a default by the borrower on the underlying loan and will generally have no voting rights with respect to the issuer, as such rights are typically retained by the lender. Such investments are subject to the credit risk of the lender (as well as the borrower) since they will depend upon the lender forwarding payments of principal and interest received on the underlying loan. There can be no assurance that the lender will not default on its obligations under such arrangements, resulting in substantial losses to the Fund.

Whole Loans. The Investment Manager may cause the Fund to acquire whole loans — as opposed to commercial mortgaged-backed securities whose payment flows are dependent on payments of the underlying loans. When the Fund holds a whole loan, the Investment Manager will be responsible for dealing directly with the issuer — which can both consume valuable Investment Manager resources which could be more profitably employed in other Investments as well as subject the Fund to all the uncertainties, expenses and adversary proceedings which surround foreclosures in general.

Mortgage-Backed Securities and Asset-Backed Securities. Investing in residential mortgage-backed securities involves the general risks typically associated with investing in traditional fixed-income securities (including interest rate and credit risk), and certain additional risks and special considerations, including the risk of principal prepayment and defaults as well as the risk of investing in real estate. Mortgage-backed securities generally provide for the payment of interest and principal on the mortgage-backed securities on a frequent basis, and there also exists the possibility, particularly with respect to residential mortgage-backed securities, that principal may be prepaid at any time due to, among other reasons, prepayments on the underlying mortgage loans or other assets. As a result of prepayments, the Fund may be required to reinvest assets at an inopportune time, which may expose the Fund to a lower rate of return. The rate of prepayments on underlying mortgages affects the price and volatility of a mortgage-backed security, and may have the effect of shortening or extending the effective maturity from what was anticipated. Further, different types of mortgage-backed securities are subject to varying degrees of prepayment risk. The rate of principal payments on mortgage loans is influenced by a wide variety of economic, geographic, social and other factors, including general economic conditions, the level of prevailing interest rates, the availability of alternative financing and homeowner mobility. Finally, the risks of investing in such instruments reflect the risks of investing in real estate securing the underlying loans, including the effect of local and other economic conditions, and the ability of tenants to make payments, and the ability to attract and retain tenants. Increasing rates of delinquencies, foreclosures and other losses on mortgages could, in turn, adversely affect certain securities in which the Fund may invest.

Asset-backed securities are subject to interest rate risk and, to a lesser degree, prepayment risk. Asset-backed securities are subject to additional risks in that, unlike mortgage-backed securities, asset-backed securities generally do not have the benefit of a security interest in the related collateral. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. For example, credit card receivables are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. In addition, insurance and reinsurance receivables, which may include workers' compensation claims, relate to companies that are highly regulated, which regulations may be subject to change based on public policy. Asset-backed securities typically experience credit risk. For example, there is an increasing supply of subordinated securities rated lower than AA (down to B or first loss) and senior securities that may be rated lower than AAA, as well. There is also the possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities because of the inability to perfect a security interest in such collateral.

Developments in the Asset-Backed and Mortgage Credit Markets. Asset-backed and mortgage credit market illiquidity may make the analysis of issuer and servicer credit-worthiness problematic. For example, many highly rated issuers depend on the asset-backed and mortgage credit markets to finance at short-term rates their longer-term debt obligations. Ordinarily, this is a routine and ongoing refinancing process. However, recent poor performance of subprime home equity loans and asset-backed securities has led to market turmoil and has resulted in price volatility and ratings downgrades, which may continue. Even more difficult to assess is the credit worthiness and viability of servicers in the asset-backed and mortgage credit markets. Illiquidity and unpredictability in these markets make it difficult to determine whether such servicers have sufficient capital and adequate staffing levels to fulfill their servicing obligations and the extent to which such servicers are subject to regulatory risks and risk of error. In addition, a credit event at or other failure by a servicer could result in losses to the Fund.

Risks Associated with Mortgage Servicers and Originators. If the Fund acquires a mortgage servicer, any corresponding transfer of servicing rights may involve the risk of disruption in collections due to data input errors, misapplied or misdirected payments, system incompatibilities, the requirement to notify the mortgagors about the servicing transfer, delays caused by the transfer of the related servicing files and records to the new servicer, and other reasons. As a result, the rate of delinquencies and defaults on the affected mortgages could increase at least for a period of time. Additionally, legal risks can arise as a result of the procedures followed in connection with the servicing of mortgages which may be subject to various federal and state laws (including, without limitation, predatory lending laws), public policies and principles of equity regulating interest rates and other charges, require certain disclosures, require licensing of originators, prohibit discriminatory lending practices, regulate the use of consumer credit information and debt collection practices and may limit the servicer's ability to collect all or part of the principal of or interest on a residential mortgage, entitle the borrower to a refund of amounts previously paid by it or subject the servicer to damages and sanctions. Mortgage servicers also face the risk that some borrowers facing foreclosure, particularly if they have few assets or little or no equity in their homes, will damage or destroy the mortgage loan collateral out of spite or a misplaced sense of injustice. Damage to mortgage loan collateral may significantly delay resale after foreclosure, necessitate expensive repairs, or impair the resale value of the home, resulting in a lower expected rate of return for the mortgage servicer. With respect to mortgage originators, changes in interest rates and pricing decisions by loan competitors could affect demand for mortgage loan products from the mortgage originators in which the Fund may invest, the revenue realized on the sale of loans and revenues received from servicing such loans for others, ultimately reducing the net income of the mortgage originators in which the Fund may invest. New regulations, increased regulatory reviews and/or changes in the structure of the secondary mortgage markets utilized to sell mortgage loans may be introduced and may increase costs and make it more difficult to operate a mortgage origination business.

Rehabilitation Loans. Investing in rehabilitation loans is riskier than loans secured by properties with an operating history. The application of the loan proceeds to the rehabilitation must be assured. If the Fund forecloses on a property undergoing remodeling or rehabilitation, such remodeling or rehabilitation generally will have to be completed before the property can realize the anticipated increase in value from such remodeling or rehabilitation. Additionally, permanent financing of the property may be required in addition to the rehabilitation loan. The market for acquiring rehabilitation loans has become more saturated due to the rise in property prices, and there is no guarantee that the Fund will be successful in its acquisition of rehabilitation loans. Additionally, competition in the market has led to increased bidding at auctions, which has resulted in higher than distressed pricing and reduced profit for property flippers. Further, there is the risk that a borrower may be unable to sell the “fixed” property or may be forced to sell the property at a loss, thus defaulting on the loan. Finally, because the property flipping industry has grown in popularity, there is a risk that the commercial and residential real estate markets will become oversaturated and certain projects could fail. In the event that a borrower defaults on its loan, the Fund may be subject to substantial losses.

Loan Origination. If a Lending Vehicle is utilized, the Lending Vehicle will seek to originate loans, including, but not limited to, secured and unsecured notes, senior and second lien loans, mezzanine loans and other similar investments. Such Lending Vehicle will retain all fees received in connection with originating or structuring the terms of any such loan origination investment. This Lending Vehicle may subsequently offer to sell such originated loans to third parties, including the Master Fund or certain other investment funds or separately managed accounts managed, advised or sponsored by affiliates of the General Partner. Any decision by the Master Fund to accept or reject such an offer will be made by either the L.P. Offshore Advisory Sub-Committee or an independent investment manager, who will have the sole authority to approve or reject such offer. In determining the target amount to allocate to such an investment, the Lending Vehicle may take into consideration the fact that it may sell, assign or offer participations in such investments to the third parties described above.

As a result of any investment activities, it is possible that the Lending Vehicle or the affiliated entities in which the Lending Vehicle invests could be deemed to be engaged in the origination of debt or debt-linked investments for purposes of the applicable regulatory or other laws in jurisdictions in which such activities take place. The laws regarding the origination of debt or debt-linked investments are frequently highly complex and may include licensing requirements. The licensing processes can be lengthy and can be expected to subject the Lending Vehicle to increased regulatory oversight. In some instances, the process for obtaining a required license or exception certificate may require disclosure to regulators or to the public of information about the Lending Vehicle, its direct or indirect investors, its loans, its business activities, its management or controlling persons or other matters. Failure, even if unintentional, to comply fully with applicable laws may result in sanctions, fines, or limitations on the ability of the Lending Vehicle or affiliates of the foregoing to do business in the relevant jurisdiction or to procure required licenses in other jurisdictions all of which could directly or indirectly have a material adverse effect on the Lending Vehicle. While the Lending Vehicle may make secured investments, losses may still occur as a result of default and recourse to the underlying collateral may not be sufficient to cover such losses. No guarantee exists with respect to the adequacy of a Lending Vehicle’s security in respect of a loan investment.

Licensing Requirements. Certain federal and local banking and regulatory bodies or agencies may require the Lending Vehicle (if any), the General Partner, the Investment Manager and/or certain employees of the Investment Manager to obtain licenses or authorizations to engage in many types of lending activities including the origination of loans. It may take a significant amount of time and expenses to obtain such licenses or authorizations and the Lending Vehicle (if any) will be required to bear the costs of obtaining such licenses and authorizations. There can be no assurance that any such licenses or authorizations will be granted or, if granted, whether any such licenses or authorizations would impose restrictions on the

Lending Vehicle. Such licenses may require the disclosure of confidential information about the Lending Vehicle, the Partners or their respective affiliates, including financial information and/or information regarding officers and directors or certain significant Partners. The Lending Vehicle may not be willing or able to comply with these requirements. Alternatively, the Investment Manager may be compelled to structure certain potential investments in a manner that would not require such licenses and authorizations, although such transactions may be inefficient or otherwise disadvantageous for the Lending Vehicle and/or any relevant borrower, including because of the risk that licensing authorities would not accept such structuring alternatives in lieu of obtaining a license. The inability of the Lending Vehicle, the General Partner or the Investment Manager to obtain necessary licenses or authorizations, the structuring of an investment in an inefficient or otherwise disadvantageous manner, or changes in licensing regulations, could adversely affect the Fund's ability to implement its investment program and achieve its intended results.

Ability to Lend on Advantageous Terms; Competition and Supply. The Lending Vehicle (if any) will intend to originate loans and may also invest in loans originated by other parties (including, without limitation, debt that trades on the secondary market). Success in this area will depend in part on the ability of the Lending Vehicle to originate and obtain loans on advantageous terms. In making loans, the Lending Vehicle intends to compete with a broad spectrum of lenders, some of which may be willing to lend money on terms more favorable to borrowers. Such competing lenders may include private investment funds, public funds, commercial and investment banks, commercial financing companies and other entities. Some competitors may have a lower cost of funds and/or access to funding sources that are not available to the Lending Vehicle. In addition, some competitors may have higher risk tolerances or different risk assessments, which could allow them to consider a wider variety of investments and establish more relationships than the Lending Vehicle. The Lending Vehicle may also choose not to compete for investment opportunities based on interest rates. Ultimately, increased competition for, or a diminution in the available supply of, qualifying borrowers may result in lower yields on loans to such borrowers, which could reduce returns to the Lending Vehicle.

Acquisition of Loans Held by the Lending Vehicle. The Lending Vehicle (if any) will intend, from time to time, to offer to sell investments originated by it to the Master Fund at a price based on an independent third-party valuation. Any such offer and valuation will be presented to either the L.P. Offshore Advisory Sub-Committee or an independent investment manager, which will have the sole authority to approve or reject such offer. The Master Fund will acquire such investments only if approved by the L.P. Offshore Advisory Sub-Committee or such independent investment manager. However, there is no guarantee that such procedures will ensure that the investments are transferred at fair value or that such investments will prove successful or profitable for the Master Fund. In addition, the Lending Vehicle (if any) will retain all fees received in connection with originating and structuring the terms of any such investment and agenting such investments, and thus such fees will not be received by the Master Fund.

Trade Claims. The Fund may acquire trade claims — *i.e.*, amounts due from a company to its suppliers. Trade claims are not “securities” for regulatory purposes, and the Fund, in investing in trade claims, will not have the protection of the securities laws. Trade claims are typically highly illiquid and may have a relatively junior position as compared to securities and other debt owed by the issuer. There may be defenses to trade claims — for example, the services or products furnished not meeting specifications — of which the Investment Manager may not be aware at the time of the Fund's acquisition of such claims.

Credit Default Swaps. The Fund may purchase and sell credit derivatives contracts — such as credit default swaps — both for hedging and other purposes. The typical credit default swap contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities issued by the reference entity that the buyer delivers to the seller. In return, the buyer agrees to make periodic

payments equal to a fixed percentage of the notional amount of the contract. The Fund may also sell credit default swaps on a basket of reference entities as part of a synthetic collateralized debt obligation transaction.

As a buyer of credit default swaps, the Fund may be exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a “credit event” triggering the seller’s payment obligation had occurred. In either of these cases, the Fund would not be able to realize the full value of the credit default swap upon a default by the reference entity.

As sellers of credit default swaps, the Fund may incur leveraged exposure to the credit of the reference entity and is subject to many of the same risks they would incur if they were holding debt securities issued by the reference entity. However, the Fund will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity’s debt obligations. In addition, the credit default swap buyer will have broad discretion to select which of the reference entity’s debt obligations to deliver to the Fund following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the Fund.

Equity. The Fund may invest directly in equity securities. In addition, the Fund may come to have significant equity holdings as a result of participating in reorganization or bankruptcy proceedings. In fact, it is possible that substantially all of the Fund’s portfolio will, from time to time, consist of equity acquired as a result of reorganizations. Equity held by the Fund will not have any underlying collateral supporting its value and will be subject to all the risks of the success of the reorganized issuer.

Preferred Stock. The Fund may own preferred stock which may have characteristics of both debt and equity securities. Dividend payments to preferred stockholders may be suspended or cancelled if the issuer experiences liquidity difficulties and the principal paid for preferred stock is generally subordinate to the debt obligations of the issuer. Consequently, investments in preferred stock carry significant risk of loss of principal.

Short Sales. The Fund may sell securities short during the course of implementing its trading or hedging strategies. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on the Fund’s portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short. Because the borrowed securities sold short must later be replaced by securities purchased in the market, any appreciation in the market price of these securities results in a loss. Purchasing securities to close out a short position can itself cause the market price of the securities to rise further, increasing losses. Furthermore, the Fund may be prematurely forced to close out a short position if a counterparty from which the Fund borrowed securities demands their return or increases the borrowing costs. There can be no assurance that securities necessary to cover a short position will be available for purchase.

U.S. and non-U.S. regulatory authorities have instituted limitations on short sales, including temporary bans and ongoing reporting requirements. The long-term impact of such reporting requirements on strategies that make material use of short sales is unclear, but if bans on short sales are reinstated such bans may make it impracticable or uneconomical to implement some this investment strategy.

Derivatives. The Fund expects to use derivative instruments primarily for hedging purposes. The price of derivative instruments is highly volatile, and acquiring or selling such instruments involves certain leveraged and unusual risks. The low initial margin deposits normally required to establish a position in such instruments permits an unusually high degree of leverage. As a result, a relatively small movement in the price of a contract may result in substantial losses to the Fund (which may not be offset by increases in the value of the instrument being hedged). There may be an imperfect correlation between the instrument

acquired for hedging purposes and the Investments or market sectors being hedged — in which case, a speculative element is added to the highly leveraged position acquired through a derivative instrument primarily for hedging purposes.

Derivative instruments may be difficult to value accurately. Any misvaluation could adversely affect the Fund's Investments. In addition, the presence of speculators in a particular market could lead to price distortions.

Limitations on Hedging; Hedging Risks. Most of the Fund's economic risks cannot be effectively hedged. However, in connection with the financing of certain Investments, the Fund may employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices and/or currency exchange rates. While such transactions may reduce certain risks, they create others. The Fund may benefit from the use of these hedging strategies; however, such strategies may also result in losses and overall poorer performance than if the Fund had not entered into such hedging transactions.

Risks of Asset Ownership. The Fund may be required, perhaps to a degree substantially greater than it anticipated, to attempt to enforce its security interests, including through foreclosures in respect of real or hard assets. The foreclosure process, although designed to be expedited in many jurisdictions, can involve all the uncertainty and potential delays of any legal process as well as the related expense. Moreover, once an asset has been acquired (whether through foreclosure or consent), the Fund will be subject to all the risks and expense of an asset owner.

If the Fund is forced by market conditions to hold an asset for a longer holding period or for a higher holding cost than expected, the results could be materially adverse to the Fund and its prospects.

Aviation Investments. The Fund may invest in aircraft and related aviation interests' such as aircraft leases. Airline business and results of operations are significantly impacted by general economic and industry conditions. The airline industry is highly cyclical, and the level of demand for air travel is correlated to the strength of the U.S. and global economies. Robust demand for air transportation services depends on favorable economic conditions, including the strength of the domestic and foreign economies, low unemployment levels, strong consumer confidence levels and the availability of consumer and business credit. In addition, airlines are subject to extensive regulatory oversight. Compliance with U.S. and international regulations imposes significant costs and may have adverse effects on an airline.

In addition to factors linked to the aviation industry, other factors that may affect the value of an aircraft at any time include: (i) the particular maintenance and operating history of the related airframe and engines; (ii) manufacture and type or model of aircraft or engines, including the number of operators using such type or model; (iii) whether the aircraft is subject to a lease and, if so, whether the lease terms are favorable to the lessor; (iv) the age of the aircraft; (v) the advent of newer models of such aircraft or aircraft types competing with such aircraft; (vi) any tax, customs, regulatory and legal requirements that must be satisfied when an aircraft is purchased, sold or re-leased; (vii) compatibility of aircraft configurations or specifications with other aircraft operated by operators of that type of aircraft; (viii) regulatory actions, including mandatory grounding of the aircraft; (ix) any renegotiation of a lease on less favorable terms; (x) decreases in creditworthiness of lessees; and (xi) the availability of spare parts. Any decrease in values of and lease rates for used commercial aircraft which may result from the above factors or other unanticipated factors may have a material adverse effect on the Fund's Investments.

Aeronautic and Equipment Loans and Leasing Arrangements. There are a number of uncertainties associated with airplane, vehicle and equipment loans or leasing arrangements that may have an adverse effect on the economic viability of such instruments. These include: (i) fluctuations in demand, interest rates and inflation rates; (ii) the continuing economic life and value of such assets; (iii) the technological and economic obsolescence of such assets; (iv) potential defaults by borrowers, lessees or other

counterparties; and (v) increases in expenses associated with such assets, including taxes and insurance expenses.

Shipping Investments. The Fund may make Investments in shipping-related assets. The maritime shipping industry is both cyclical and volatile in terms of charter rates and profitability. A worsening of the current global economic conditions may adversely affect the Fund's ability to charter or recharter its vessels or to sell them on the expiration or termination of its charters and the rates payable in respect of its currently operating vessels, or any renewal or replacement charters that the Fund enter into may not be sufficient to allow it to operate its vessels profitably. Fluctuations in charter rates and vessel values result from changes in the supply and demand for vessel capacity and changes in the supply and demand for the products that such vessels carry. The factors affecting the supply and demand for vessels are outside of the Fund's control, and the nature, timing and degree of changes in industry conditions are unpredictable.

Equipment Leasing. The Fund may engage in equipment leasing, which may expose the Fund to considerable risk. In cases of a non-performing lessee, there are considerable costs associated with terminating leases and retrieving hard assets that can disrupt and reduce cash flow. These risks may be exacerbated in the case of lessee bankruptcy. Further, it may be difficult to re-lease or sell retrieved equipment, depending on market conditions, especially if such equipment is outdated or has been misused.

Secured Instruments Subject to Repayment or Bankruptcy Plans. Certain of the instruments that the Fund may purchase may include collateral that is subject to repayment or bankruptcy plans, under which prior delinquent payments and advances must be paid during a specified period after the plan is instituted. As a result, this collateral will be forced to generate larger payments until the obligations under the plans are paid in full, perhaps degrading the value of such collateral as security for Investments made by the Fund. In addition, certain collateral may have arrearages that are not subject to plans and must be discharged before the collateral can be of any value to the Fund.

General Risks of Real Estate Collateral. In making loans secured by real estate, the Fund will be subject to all of the risks inherent in investing in real estate and real estate-related investments. These risks may include, without limitation, general and local economic and social conditions, fluctuations in real estate values, the financial resources of tenants, vacancies, changes in tax, zoning, building, environmental and other applicable laws, real property tax rates, changes in interest rates and the availability of mortgage funds. Such risks also include fluctuations in occupancy rates, rent schedules and operating expenses, which could adversely affect the value of the properties. There can be no assurance of profitable operations for any real estate property or the repayment of any debt investment made by the Fund that is secured by such property. The cost of operating a property may exceed the rental income it generates, and the Fund may be forced to advance funds to protect an equity investment, forego the receipt of interest income on debt investments and/or dispose of commercial real estate collateral on disadvantageous terms.

Real Estate Risk. Investing in real estate-related instruments is subject to cyclicity and other uncertainties. There can be no assurance as to the Fund's performance in a weaker market or weakened economy. The cyclicity and leverage associated with real estate-related investments have historically resulted in periods, including significant periods of adverse performance, including performance that may be materially more adverse than the performance associated with other Investments. The Fund's real estate-related Investments are secured by or otherwise relate to properties of varying types, geographic locations, owners, tenants and other factors which could make such Investments susceptible to particular types of risks relating to such factors, including local economy, real estate market conditions, special hazards and competition.

Risks of Real Estate Ownership. The Fund's performance may be subject to risks incident to the ownership of residential and commercial real estate, including, without limitation, (i) the burdens of

ownership of real property, (ii) inability to collect rents from tenants due to financial hardship (including bankruptcy), (iii) changes in local real estate conditions in the markets in which the Fund invests, (iv) changes in consumer trends and preferences that affect the demand for products and services offered by the relevant tenants, (v) inability to lease or sell properties upon expiration or termination of existing leases, (vi) environmental risks related to the presence of hazardous or toxic substances or materials on the relevant properties, (vii) the subjectivity of real estate valuations and changes in such valuations over time, (viii) the illiquid nature of real estate compared to other financial assets, (ix) changes in laws and governmental regulations, including those governing real estate usage and zoning, (x) changes in interest rates and the availability of financing and (xi) changes in the general economic and business climate. The occurrence of any of the risks described above may cause the value of the Fund's real estate Investments to decline, which could materially and adversely affect the Fund.

Land Development and Construction Project Risks. The Fund's success in investing in land development projects depends on the availability of suitable undeveloped land. With respect to construction projects, building requirements under master development programs could encounter delays or cause the Fund to exceed budgeted costs for such projects, which could increase operating or capital expenses and adversely affect the business, results of operations, prospects and financial condition of such projects. Such delays or budgetary overruns also could limit the ability to comply with master development programs, and failure to comply with master development programs could result in fines or the loss of concessions. Construction projects could be subject to potential design, regulatory, environmental and operating problems and lack of demand for the projects. Construction projects could also experience changes to plans and specifications, delays and significant cost increases, shortages of materials, shortages of skilled labor or work stoppages, disputes with and defaults by contractors, health and safety incidents and site incidents, engineering problems, including defective plans and specifications, poor performance or nonperformance by any operating partners, changes in relevant laws and regulations, weather interferences, floods, fires or other casualty losses and other unanticipated problems.

Working Interests. The Fund may invest in working interests in the mining and oil and energy exploration industries, which are subject to the risks associated with the underlying operations. Potential operating risks include, without limitation: (i) adverse geological conditions; (ii) environmental hazards; (iii) equipment failures and other mechanical difficulties; (iv) fires, explosions and other accidents; (v) natural disasters or other force majeure events; and (vi) seismic activities, ground failures, rock bursts or structural cave-ins or slides. The foregoing risks may adversely impact an operation's ability to conduct its operations, or result in substantial losses to the operation, as a result of (i) injury or loss of life; (ii) damage to and destruction of property, natural resources and equipment; (iii) pollution and other environmental damage; (iv) regulatory investigations and penalties; (v) potential legal liability and monetary losses; (vi) suspension of operations; and (vii) repair and remediation costs. As the owners of such working interests, the Fund will be responsible for its proportionate share of any losses and liabilities arising from uninsured and underinsured events. The Fund may elect not to obtain insurance if it believes that the cost of available insurance is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. The occurrence of an event that is not fully covered by insurance could have a material adverse effect on the Fund's assets and performance.

Investments in Intellectual Property and Licenses. The Fund may invest in intangible assets, such as intellectual property and licenses, and royalties associated therewith. In many cases, the perceived value of such Investments is dependent upon protecting proprietary rights with respect to one or more products ("Portfolio Products"). In many cases, a party's ability to pay the required royalty, or the Fund's ability to realize a positive increase in the value of an Investment with respect to a Portfolio Product, depends on obtaining and maintaining patent and trade secret protection of Portfolio Products, their use and the methods used to manufacture them, as well as successfully defending those intellectual property rights against third-party challenges. The degree of future protection to be afforded to Portfolio Products is uncertain because

legal means afford only limited protection and may not adequately protect the rights of the entities with an interest in the Portfolio Product (an “Interested Party”) or permit them to gain or keep their competitive advantage. It is difficult and costly to protect the proprietary rights associated with Portfolio Products, and their protection cannot be ensured. There can be no assurance that any issued patents underlying Portfolio Products will provide sufficient protection to allow Interested Parties to conduct their business in the ordinary course. Interested Parties may incur substantial costs of result of litigation or other proceedings relating to patent and other intellectual property rights related to Portfolio Products and they may be unable to protect their rights to, or commercialize, the applicable Portfolio Products. Moreover, there can be no assurance that Interested Parties will remain free from intellectual property infringement claims by third parties. If a third party claims that an Interested Party is using inventions covered by the third party’s intellectual property rights, that third party may go to court to stop the Interested Party from engaging in its business in the ordinary course, which would likely adversely impact the value of the Fund’s related Investment. Intellectual property infringement lawsuits are costly, would likely affect the results of operations of the Interested Party and divert the attention of their management.

In addition, certain of the Fund’s Investments may relate to Portfolio Products which are still in development or have not otherwise received the required regulatory approvals (if any). A failure to gain such required regulatory approval would materially and adversely affect those Investments. Regulatory approval processes may be extensive, time consuming and uncertain and may prevent Interested Parties from obtaining approvals for the commercialization of some Portfolio Products.

Specialty Financing Investments. There are a number of uncertainties associated with specialty financing that may have an adverse effect on the economic viability of such instruments. These include: (i) fluctuations in demand, interest rates and inflation rates; (ii) the continuing economic life and value of such assets; (iii) the technological and economic obsolescence of such assets; (iv) potential defaults by borrowers, lessees or other counterparties; and (v) increases in expenses associated with such assets, including taxes and insurance expenses.

Investments in Privately Held Companies. The Fund may invest in securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such Investments involve a high degree of business and financial risk that can result in substantial losses.

Investments in Operating Companies and Start-Up and Small Businesses. The Fund may invest in operating companies and start-up and small businesses that operate in a variety of industries that may be subject to extensive domestic and foreign regulation and that may involve greater risk due to rapidly changing market and governmental conditions in those sectors. Failure of an operating company or start-up or small business in which the Fund invests could harm the Fund’s and the Investment Manager’s reputations. Operating companies and start-up and small businesses may have limited financial resources and may be unable to meet their obligations, which may be accompanied by a deterioration in the value of their equity securities or any collateral or guarantees provided with respect to their debt. Operating companies and start-up and small businesses in which the Fund may invest are more likely to depend on the management talents and efforts of a small group of persons and, as a result, the death, disability, resignation or termination of one or more of those persons could have a material adverse impact on their business and prospects. Such operating companies may be businesses or divisions acquired from larger operating entities, which may require a rebuilding or replacement of financial reporting, information technology, back office and other operations and may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position. Instances of fraud, corruption and other deceptive practices committed by senior management of operating companies and start-up and small businesses in which the Fund invests will negatively affect the valuation of the Fund’s Investments. In the event that the Investment Manager

establishes the capital structure of an operating company or start-up or small business on the basis of financial projections based primarily on management judgments and assumptions, and general economic conditions and other factors, actual performance may fall short of these financial projections, which could cause a substantial decrease in the value of the Fund's Investments.

Investments in Start-Up Companies. The Fund may invest in start-up companies. A start-up may fail completely, or the Fund may not be able to sell its stock in the start-up. Total loss of capital is common. Return on investments in start-ups, with respect to amount, frequency and timing, is highly variable and may take years to materialize. Start-ups often take five (5) to seven (7) years to generate any investment return, if at all. Returns also are relative to the initial price paid for the investment, which may be below or above the actual value of the investment, as valuation of start-ups is especially difficult to assess. Start-ups may restrict the resale or transfer of securities in the Fund. Investments in start-ups may be subject to dilution as start-ups may need to raise additional capital in the future. Start-ups may require funds in excess of their existing cash resources to fund operating expenses, develop new products, expand their marketing capabilities and finance general and administrative activities. It is possible that a start-up may not be able to obtain additional funding or that the terms of any funding may be unfavorable. If a start-up is unable to obtain additional funding, it could be forced to delay its development, marketing and expansion efforts and, if it continues to experience losses, potentially cease operations. Start-ups are highly dependent on their management and often depend on the guidance of professional investors; poor management or guidance could lead to loss.

Small to Medium Capitalization Companies. The Fund may invest in the stocks of companies with small-to medium-sized market capitalizations. These stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies.

Risk of Project Implementation. The making of an investment in certain types of projects (*e.g.*, transportation, energy, aeronautic) could be conditional upon, among other things, receipt of all necessary consents, approvals, authorizations and permits, the Investment Manager deciding to proceed with the acquisition of the project, the Fund being able to finance its commitment to a particular investment, satisfactory completion of due diligence and making binding agreements in a form satisfactory to all the parties thereto, including the Investment Manager. There is a risk that, due to the failing of any of these conditions, a project may not be completed.

Title Risks. It may be difficult to ascertain the validity and enforceability of title to certain assets or projects in which the Fund will invest (*e.g.*, trucks, railcars, airplanes, cars and parts used in the manufacture or maintenance of such assets) and the extent to which such assets or projects are encumbered or to obtain certain approvals, consents, registrations and to comply with the requirements contained in such approvals, consents, registrations and other regulations, particularly when such assets or projects are located outside of the U.S. Any legal action brought to enforce title rights could be costly, distract from day-to-day operations and lead to claims against the Fund or the Investment Manager, which could have a significant negative impact on business, financial position, profit and cash flow. In addition, the laws and courts of certain countries may not offer effective means to enforce the Fund's title to assets and projects, and the nature and predictability of the legal systems in some countries may be unpredictable.

Insurance and Reinsurance Companies. The Fund may make equity investments in insurance and reinsurance companies. U.S. state insurance laws and regulations and the laws of many non-U.S. jurisdictions contain broad definitions of the activities that may constitute the conduct of the business of insurance or reinsurance in such jurisdictions. It is possible that insurance regulatory authorities or courts could determine that the purchase or holding of such investments constitutes the conduct of the business of insurance or reinsurance and that the holder should be subject to regulatory and legal action. Investments in insurance companies will be dependent on the original underwriting decisions made by such insurance

companies. Thus, the Fund will be subject to the risk that the underlying insurance companies may not have adequately evaluated the risks to be underwritten and that the premiums may not adequately compensate the Fund for the risks it assumes. The Fund also is subject to the risk that the information on which any such underlying insurance company bases its underwriting decision is inaccurate. In addition, underwriting is inherently a matter of judgment, involving important assumptions about matters that are inherently unpredictable or that of the underlying insurance company and for which historical experience and probability analysis may not provide sufficient guidance. One or more catastrophic or other events could result in claims that substantially exceed expectations, which could have a material adverse effect on investments in insurance companies.

Infrastructure Companies. Investments in infrastructure-related companies have greater exposure to the potential adverse economic, regulatory, political, legal and other conditions or events affecting such entities. Infrastructure-related companies are subject to a variety of factors that may adversely affect their business or operations including high interest costs in connection with capital construction programs, costs associated with compliance with and changes in environmental and other regulations, difficulty in raising capital in adequate amounts on reasonable terms in periods of high inflation and unsettled capital markets, the effects of economic slowdown, the effects of surplus capacity, increased competition from other providers of services in a developing deregulatory environment, uncertainties concerning the availability of fuel at reasonable prices, the effects of energy conservation policies and other factors. Additionally, infrastructure-related entities may be subject to regulation by various governmental authorities and may also be affected by governmental regulation of rates charged to customers, government budgetary constraints, service interruption and/or legal challenges due to environmental, operational or other conditions or events and the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards. There is also the risk that corruption may negatively affect publicly-funded infrastructure projects, especially in foreign markets, resulting in work stoppage, delays and cost overruns. Other factors that may affect the operations of infrastructure-related companies include innovations in technology that could render the way in which a company delivers a product or service obsolete, significant changes to the number of ultimate end-users of a company's products, increased susceptibility to terrorist acts or political actions, risks of environmental damage due to a company's operations or an accident, and general changes in market sentiment towards infrastructure and utilities assets.

Investments in Legal Claims. Law and professional regulations in the litigation funding environment can be complex and uncertain, leading to the risk that an investment agreement may not be enforced. The outcome of legal claims entails a large degree of uncertainty, including the legal liability of the defendant, the amount of damages assessed by the trier of fact and the ability of the defendant and the defendant's insurance company to pay a settlement or judgment, which could reduce the profitability of the Fund's Investments. This strategy depends on networking abilities, and failure to establish or maintain contacts with key legal professionals may cause this strategy to fail. The Fund and the Investment Manager are not law firms and do not provide legal advice or engage in the practice of law. The Fund will be reliant on lawyers to litigate claims and defenses with due skill and care, and if the firms are not able to do this, it is likely to have an adverse effect on the Fund.

Non-U.S. Investments. The Fund is permitted to make Investments in the securities of foreign issuers. Certain foreign investments involve risks and special considerations not typically associated with U.S. investments. Such risks include: the risk of nationalization or expropriation of assets or confiscatory taxation; social, economic and political uncertainty, including war and revolution; dependence on exports and the corresponding importance of international trade; price fluctuations, market volatility, less liquidity and smaller capitalization of securities markets; currency exchange rate fluctuations; rates of inflation; controls on, and changes in controls on, foreign investment and limitations on repatriation of invested capital and on the Fund's ability to exchange local currencies for U.S. dollars; U.S. and foreign withholding taxes; governmental involvement in and control over the economies; governmental decisions to discontinue

support of economic reform programs generally and impose centrally planned economies; less extensive regulation of the securities markets; longer settlement periods for securities transactions; less developed corporate laws regarding fiduciary duties and the protection of investors; less developed bankruptcy laws; and certain considerations regarding the maintenance of the Fund's portfolio securities and cash with foreign sub-custodians and securities depositories.

There may be less publicly available information about certain foreign companies than would be the case for comparable companies in the United States, and certain foreign 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, which may result in the unavailability of material information about issuers. Certain countries require governmental approval prior to investments by foreign persons, or limit the amount of investment by foreign persons in a particular company, or limit investment by foreign persons to a specific class of securities of a company that may have less advantageous terms than the classes available for purchase by nationals. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales of securities by foreign investors. The Fund could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital or earnings, as well as by the application to the Fund of restrictions on investments. In addition, because the Fund's Investments in other countries will likely be denominated in the currencies of such countries, a change in the value of these currencies against the U.S. dollar may well result in a corresponding change in the U.S. dollar value of the Fund's assets denominated in those currencies. The General Partner is under no obligation to employ hedging techniques to minimize the currency risks.

The judicial systems of jurisdictions outside of the United States vary in terms of speed, commercial sophistication, impartiality, consistency of results and adherence to judicial precedent. As a result, the Fund may have difficulty in foreclosing or successfully pursuing claims in the courts of certain non-U.S. jurisdictions, as compared to the United States. Further, to the extent the Fund or a portfolio investment may obtain a judgment but is required to seek its enforcement in a non-U.S. court, there can be no assurance that such court will enforce such judgment. The laws of certain countries outside of the United States lack the sophistication and consistency found in the United States with respect to foreclosure, bankruptcy, corporate reorganization and creditors' rights.

Currency Risks. The Fund's Investments that are denominated in a non-U.S. currency are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.

Currency Hedging. In connection with its non-U.S. dollar denominated Investments, the Fund may, but are not required to, engage in currency hedging. The Fund may benefit from the use of such currency hedging mechanisms; however, such mechanisms may result in losses for the Fund and an overall poorer performance for the Fund than if they had not entered into such currency hedging transactions.

Financing Arrangements; Availability of Credit. The Fund may utilize leverage and, to the extent utilized, the Fund will depend on the availability of credit in order to finance its portfolio. There can be no assurance that the Fund 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 Fund can apply essentially discretionary margin, haircut, financing, security and collateral valuation policies. Changes by banks and dealers in such financing policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or governmental, regulatory or judicial action, may result in large 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 Fund to liquidate all or part of its portfolio at disadvantageous prices. In addition, lenders will have the ability to draw capital from Limited Partners to repay outstanding loans and provide margin support, which would mean less capital would be available for additional Investments.

The use of leverage may involve material interest expense, fees and transaction costs. Financing arrangements are likely to include a number of different terms which will permit the lenders to effectively require that the financing arrangements be materially deleveraged or terminated, and there can be no assurance that the Fund would be able to find suitable replacement financing arrangements. Any such deleveraging or termination might result in material losses to the Fund and could materially reduce or eliminate the Fund's ability to recoup past losses. In addition, lenders may often terminate financing arrangements for events of default tied to events relating to the Fund, the General Partner, or other circumstances, even if those events are not reasonably directly related to the ability to repay the borrowing.

Unregistered Instruments. Unregistered instruments generally may be resold only in a U.S. public offering registered under the Securities Act, under Rules 144 or 144A under the Securities Act or pursuant to any other exemption from registration under the Securities Act. The resulting difficulties and delays could result in the Fund's inability to realize a favorable price upon disposition of unregistered instruments, and in some cases might make such disposition at the time desired by the Fund impossible. Also, when the Fund decides to have unregistered instruments registered prior to sale and does not have a contractual commitment from the issuer to pay registration costs, the gross proceeds from the sale of the instruments would be reduced by those costs and any underwriting discounts.

Use of Leverage. The Fund may directly leverage its Investments and may utilize leverage embedded in derivative instruments and securities. This will result in the Fund controlling substantially more assets than the Fund has equity. Direct leverage increases the Fund's returns if the Fund earn a greater return on Investments purchased with borrowed funds than the Fund's cost of borrowing such funds. However, the use of leverage exposes the Fund to additional levels of risk, including (i) greater losses from Investments than would otherwise have been the case had the Fund not borrowed to make the Investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on Investments where the Investment fails to earn a return that equals or exceeds the Fund's cost of borrowing such funds. In the event of a sudden, precipitous drop in value of the Fund's assets, the Fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses. With respect to embedded leverage, the Fund may be subject to major losses in the event that market events disrupt the hedged nature of its positions or be forced to liquidate positions at a disadvantageous time. Furthermore, the credit extended to the Fund by dealers to permit them to maintain its leveraged positions can be terminated by the dealers largely in their discretion, forcing such liquidation at potentially material losses.

Credit Facilities. The Fund may borrow money through one or more Credit Facilities and may utilize a capital call Credit Facility to manage its working capital and for administrative convenience. The use of Credit Facilities will cause the Fund to incur interest and other expenses. As is typical of credit arrangements, the credit agreements may include a number of different terms which permit the lender to materially reduce or terminate the credit line or increase the cost of such facility upon the occurrence of certain events. Also, as is typical, a Credit Facility provider may terminate the facility for events of default tied to events relating to the Fund, the General Partner, the Limited Partners or other circumstances, even if those events are not reasonably related to the Fund's ability to repay the borrowing. In the event that a Credit Facility is materially reduced or terminated, there can be no assurance that the Fund would be able to find suitable replacement credit arrangements.

Certain terms of Credit Facilities may have the effect of imposing constraints on the Fund's investment program, including requiring the lender's consent to make new or additional investments or remove cash from the Fund even if the Fund is not in default. Although the General Partner does not believe these restrictions will influence or delay its investment decisions, there can be no assurance that this will be the case.

Additionally, the General Partner and its affiliates may cause any of the Fund, any Parallel Fund or any Alternative Vehicle to pledge its assets or to secure or guarantee (including, without limitation, on a joint and several basis) the indebtedness or the performance of certain obligations of each other, any such entity's affiliates, parent companies or subsidiaries (if any exist), on such terms and for such consideration as the General Partner shall reasonably deem appropriate and equitable. This means that if a Parallel Fund or its investors default, a lender may exercise remedies against the Fund to recover its losses, such as making a claim under a guarantee and/or calling capital from the Limited Partners under a subscription facility, and the Fund may have no or limited recourse against such Parallel Fund if it cannot meet any contribution obligations to the Fund. Any pledge, loan or guarantee may be made on a recourse or a non-recourse basis, in the sole discretion of the General Partner. The Fund will enter into a contribution agreement with the relevant Parallel Fund or Alternative Vehicle (if any) in connection with any Credit Facility entered jointly. With respect to any entity's direct trading, the General Partner may cause any subsidiary of such entity to guarantee the indebtedness or performance of the direct trading entity's obligations in proportion to the direct trading entity's share of the net asset value of such subsidiary, on such terms and for such consideration as the General Partner will reasonably deem appropriate and equitable. In the event an entity would need to satisfy such guarantee by liquidating its assets, the Fund, any Parallel Fund and any Alternative Vehicle may be adversely affected despite the proportional nature of the guarantee.

Structural Risks

Dependence on Key Personnel. The success of the Fund will be highly dependent on the expertise and performance of Hunter Street's management team and investment professionals. There can be no assurance that these individuals will continue to be associated with Hunter Street or any of its affiliates throughout the life of the Fund. The loss of the services of one or more of these individuals could have a material adverse effect on the performance of the Fund. In addition, although it is anticipated that members of the Hunter Street team will commit a significant amount of their business efforts to the Fund, they are not required to devote all of their business time to the Fund's affairs. They will continue to be involved with Hunter Street's other business activities, which may include advising on, or managing, investments for Hunter Street and other funds or accounts sponsored, managed and/or advised by Hunter Street and its affiliates.

A "Blind Pool" Investment. Although the Investment Manager may be actively considering certain prospective Investments (and will discuss prospective Investments with prospective Limited Partners upon request), and aside from the RPC JV Investment (as defined below), the Fund is essentially a "blind pool" investment. As a general matter, aside from the RPC JV Investment, neither the General Partner nor the Investment Manager currently knows in what Investments (or in what amounts) the Fund will ultimately invest. Accordingly, it is not possible to fully disclose the risks attendant to the Investments. Partners must rely on the ability of the Investment Manager to make investment decisions on behalf of the Fund and will not have the opportunity to independently evaluate such Investments.

Structure of Investments. Investments made by the Fund and Other Accounts (as defined below) may be made through intervening holding companies or other special purpose vehicles in order to minimize applicable taxes or for regulatory or securities reasons. No assurance is given that any particular structure will be suitable for all investors and, in certain circumstances, such structures may lead to additional costs or reporting obligations for some or all of the investors. In addition, certain tax laws may change or be

subject to differing interpretations, possibly with retroactive effect, that may have a negative impact on the Fund. The tax consequences of a particular special purpose vehicle may change after an Investment has been made or a special purpose vehicle has been established, with the result that the issuer of Investments held by a special purpose vehicle becomes subject to tax. Also, the special purpose vehicles themselves may become liable to tax or be required to withhold tax on payments or distributions to the Fund, or may need to be unwound or restructured, in each case resulting in the Fund's returns being reduced. In addition, to the extent Other Accounts invest with the Fund through the same special purpose vehicle, such Other Accounts and the Fund may have differing interests with respect to the timing and nature of the disposal of such Investments and there is no guarantee that the timing and nature of such disposal will be in the best interests of the Fund and the Other Accounts.

Unpredictable Drawdowns and Distributions. One of the principal shortcomings of the structure of the Fund relates to the uncertainty of the timing of Drawdowns and distributions. This uncertainty makes it difficult to schedule cash flows efficiently and can lead to Limited Partners incurring reduced overall portfolio returns due to "uninvested capital" associated with both reserving cash to meet their Capital Commitments to, and distributions received unexpectedly from, the Fund.

Adverse Consequences for Failure to Fund Capital Commitments. The consequences of defaulting on a Drawdown Notice are material and adverse to the defaulting Limited Partner. In addition, if a Limited Partner fails to make a capital contribution when due and the capital contributions made by non-defaulting Limited Partners and short-term borrowings by the Fund are inadequate to cover the defaulted capital contribution, the Fund itself may be unable to pay its obligations when due. As a result, such Fund may be subjected to significant penalties that could materially adversely affect the returns to its non-defaulting Limited Partners.

Requirement to Return Distributions. Subject to the terms and conditions of the Fund Agreements, the General Partner may require each Partner to return distributions previously made to such Partner for the purpose of funding such Partner's *pro rata* share of certain obligations of the Fund (including the Fund's indemnification obligations).

Need for Follow-on Investments. Following the Fund's initial Investment in a portfolio company, such portfolio company may require additional funding, and the Fund may have the opportunity to increase its Investment in such portfolio company. There can be no assurance that the Fund will make, or will have the resources to make, such "follow-on" Investments ("Follow-On Investments"). Any decision by the Fund not to make Follow-On Investments, or its inability to make them, may have a substantial adverse effect on a portfolio company in need of such an Investment, may result in a missed opportunity for the Fund to increase its participation in a successful enterprise, may result in significant dilution of any existing portfolio company investment, or may cause a decrease in the value of the Fund's portfolio.

Dilution from Subsequent Closings. Limited Partners making Capital Commitments after the Initial Closing will participate in the existing Investments of the Fund, thereby diluting the interest of existing Limited Partners. Although such subsequent Limited Partners will contribute their *pro rata* share of prior capital contributions (plus the Subsequent Closing Amounts), there can be no assurance that this contribution will reflect the fair value of the Fund's existing Investments at the time that such additional Limited Partners make their Capital Commitments, despite the Fund's marking-to-market of such existing Investments if the Investment Manager believes that there has been a material change in their fair value from the Initial Closing.

Limited Partners Admitted on Subsequent Closing Dates. A Limited Partner admitted to the Fund after the initial drawdown date that is permitted to participate in one or more existing Investments held by the Fund as of the relevant Subsequent Closing Date will be exposed to certain risks, costs and outcomes arising

from investment activity related to such investment(s) that occurred prior to such Limited Partner's investment in the Fund. Such Limited Partners in the Fund can expect to recognize appreciation or depreciation or bear expenses which are attributable to activities, transactions or other events that occurred prior to such investor's becoming a Limited Partner.

Master Fund Divergence from the Onshore Feeder Fund. The Onshore Feeder Fund may take advantage of investment opportunities in which the Master Fund does not participate (or in which the Master Fund may only invest through an acquisition vehicle or other structure). Accordingly, the returns for the Master Fund and the Onshore Feeder Fund may differ.

Co-Investment Opportunities. Hunter Street may determine that certain investment opportunities appropriate for the Fund should not or cannot be allocated in their entirety to the Fund based on such factors as the size or composition of the overall Fund's portfolio, concentration limits or other reasons deemed relevant by Hunter Street. In such instances, Hunter Street may (but is not required to) allocate any unallocated portions of such opportunities to one or more investors in the Fund or other funds or accounts managed by Hunter Street Parties, or such other parties as are selected by Hunter Street. Hunter Street has no obligation to offer any such co-investment opportunity to any Limited Partner, and no Limited Partner should have any expectation to be offered any such co-investment opportunity, by virtue of its investment in the Fund. Limited Partners participating in such co-investment opportunities may either invest directly in such co-investment opportunities or through vehicles managed by or otherwise affiliated with Hunter Street ("Co-Investment Vehicles"). Further, such investors, including, without limitation, any Co-Investment Vehicles, may invest directly in a particular co-investment opportunity alongside the Fund, or such investors, including, without limitation the Co-Investment Vehicles or the Fund, may invest together in a vehicle which in turn, invests in the co-investment opportunity. Participation by any Co-Investment Vehicle in an Investment alongside the Fund will be on substantially the same terms and conditions as the Fund's participation in such Investment, subject to any tax, regulatory, accounting, legal or other similar considerations that may limit the amount, type or timing of investment by the Fund or the Co-Investment Vehicle. The Co-Investment Vehicle will dispose of any Investments that were acquired by such Co-Investment Vehicle made alongside the Fund at substantially the same time, on substantially the same terms and in the same relative proportions (based upon the aggregate amount invested in such interests by each of the Fund and the Co-Investment Vehicle) as the Fund disposes of such Investment, in each case except to the extent reasonably necessary or advisable to address tax, regulatory, accounting legal or other similar considerations. The fees, other compensation and terms of any investment in a Co-Investment Vehicle may differ from the fees, other compensation, or terms of an investment in the Fund. Those participating in such a co-investment opportunity, including those participating through a Co-Investment Vehicle, may liquidate a co-investment at a different time or times, and in different amounts than the Fund, which may have an adverse effect on the Fund.

In general, the Fund will bear all out-of-pocket expenses (including, without limitation, legal and accounting costs and travel expenses) associated with any co-investment opportunity that is unconsummated, including any portion thereof that may or would have been allocated to potential investors had such co-investment been consummated. Notwithstanding the foregoing, Hunter Street will seek to allocate expenses of such unconsummated investments to investors of the co-investment where it is appropriate and reasonable to do so.

Investment and Joint Ventures with Third Parties. The Fund may co-invest with third parties through partnerships, joint ventures, or other similar arrangements, thereby acquiring jointly-controlled or non-controlling interests in certain investments in conjunction with participation by one or more third parties in such investment. The Fund may not have the ability to protect its interests. Nevertheless, such investments may involve risks not present in investments where another participant is not involved, including the possibility that such other participant may have financial difficulties, resulting in a negative impact on such investment, may have economic or business interests or goals which are inconsistent with those of the Fund,

or may be in a position to take (or block) action in a manner contrary to the Fund's investment objectives or the increased possibility of default by, diminished liquidity or insolvency of, the third party, due to a sustained or general economic downturn. In addition, the Fund may in certain circumstances be liable for the actions of its third-party partners or co-investors (including co-investment vehicles (if any)). In certain circumstances involving a third-party management group, such third parties are generally expected to receive compensation arrangements relating to such investments, including incentive compensation arrangements. Additionally, the use of grants or other tax-related incentives may be limited in the case of minority or non-controlling investments.

Potential Investment in the RTL SPV. One of the Fund's initial investments may be in Hunter Street RTL, LP (the "RTL SPV"), a Delaware limited partnership formed by the General Partner that indirectly invests substantially all of its assets in RPC Residential Credit Holdings LLC, a Delaware limited liability company organized as a joint venture between Hunter Street and a third-party sponsor in order to acquire an independent mortgage lender and its existing loan portfolio (collectively, the "RPC JV Investment"). A prospective investor may ask questions and obtain additional information on the RTL SPV and the RPC JV Investment by request to the General Partner, subject to confidentiality restrictions with third parties or otherwise. By making a Capital Commitment, each Limited Partner will be deemed to have consented to such transactions. Each such Limited Partner will also be deemed to have understood that it had the opportunity to ask questions of the General Partner and Hunter Street about the RTL SPV and the RPC JV Investment and such transactions, and to review any written materials provided to such Limited Partner concerning such transactions.

Investments Longer Than Term. Although the General Partner and the Investment Manager expect that the Fund's Investments will be realized prior to the end of the term, the Fund may have to sell, distribute or otherwise dispose of its Investments at a disadvantageous time in order to achieve such realization. As a result, the Fund may sell, distribute or otherwise dispose of its Investments for a price which is less than the price that could have been obtained if the Investments were held for a longer period of time. There can be no assurance that the winding up of the Fund and the final distribution of its assets will be able to be executed expeditiously.

Recourse to the Fund's Assets. The Fund's assets, including any Investments made by the Fund and any monies held by them, will be available to satisfy all liabilities and other obligations of the Fund, including obligations to lenders. If the Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and may not be limited to any particular asset, such as the asset representing the Investment giving rise to the liability. Furthermore, Limited Partners could find the value of their Interests adversely affected by a liability arising out of an Investment in which they did not participate because, for example, they were excluded by the General Partner.

Effect of Carried Interest. The Fund will distribute the Carried Interest to the General Partner based on the returns to their Limited Partners. The Carried Interest may create incentives for the General Partner and the Investment Manager to make riskier or more speculative Investments than they otherwise would.

Carried Interest Tax Distributions. The Fund may make distributions to the General Partner (or an affiliate thereof) in amounts sufficient to permit the payment of the tax obligations of the General Partner and its direct or indirect owners in respect of allocations of income related to the Carried Interest. Such tax distributions may be made even though Limited Partners will be unable to request any withdrawals. Any such tax distributions will not be returned even if the Carried Interest ultimately due with respect to an Interest is determined to be less than the amount of such tax distributions. Accordingly, such distribution may constitute an additional economic cost to the affected Limited Partners.

Confidentiality. Limited Partners and their officers, directors, representatives, employees and affiliates are required to maintain the confidentiality of information regarding other Limited Partners, the Fund's Investments, the Fund's financial statements and reports and other non-public information relating to the Fund. The use or disclosure of such "confidential information" by a Limited Partner, in a manner other than as provided for in the applicable Fund Agreement, will constitute a breach of the Fund Agreement by the Limited Partner and will entitle the Fund to legal action seeking damages and the enforcement of a Limited Partner's confidentiality obligations.

The L.P. Advisory Committee. Although the L.P. Advisory Committee is intended to act as the representative of the Limited Partners, the L.P. Advisory Committee may not have the same interests as all investors. Furthermore, the L.P. Advisory Committee cannot be expected to be expert in investing, and certain of its determinations may, in fact, adversely affect the performance of the Fund.

Potential Diverse Membership. Limited Partners may include persons or entities organized in various jurisdictions. The conflicting interests of individual Limited Partners may relate to or arise from, among other things: the nature of the Investments made by the Fund; the structuring of the Fund's Investments; the purchase by the Fund of assets from an issuer in situations where certain Limited Partners did not participate in the Fund's Investment in such issuer; and the timing of investment dispositions. Different returns may be realized by different Limited Partners. As a consequence, decisions made by the General Partner may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring Investments appropriate for the Fund, the General Partner will consider the investment and tax objectives of each Fund as a whole, not the investment, tax or other objectives of any Limited Partner individually.

The potential diverse membership of the Fund may result in the L.P. Advisory Committee not being representative of many Limited Partners' own best interests.

Potential Investor Concentration Risk. There is no limit on the amount that an investor or a group of related investors may invest in the Fund. If an investor or a group of related investors contributes a substantial percentage of the capital to the Fund, such investor or group of related investors may be in a position to control the outcome of investor votes, thereby effectively controlling certain actions by the Fund. Such a "controlling" investor or group of related investors generally has no fiduciary duty to other investors and may make decisions that are not in the best interest of such other investors.

Potential Tax Restructuring. Upon a change in applicable law relating to the taxation of any amount to be received by the General Partner, the Investment Manager or an affiliate with respect to the Fund, the General Partner has the authority to take any actions necessary to enable the General Partner, the Investment Manager or such affiliate, as the case may be, to ameliorate the adverse effects to it or its owners resulting from such change in law, including changes to the structure of the Carried Interest or any similar right or distribution.

Use of Alternative Vehicles. To the extent necessary to address tax or regulatory considerations, the General Partner has the authority to structure, and to cause investors to participate in, particular Investments through Alternative Vehicles. While the economic and other substantive provisions governing any Alternative Vehicle are intended to be materially the same as those of the Fund in light of the tax, regulatory or similar objectives sought to be achieved, the rights of the Limited Partners in, and the obligations and duties of the manager, general partner, directors or trustees of, the Alternative Vehicle may differ from those applicable to the Fund by virtue of the specific terms, or jurisdiction of establishment, of the Alternative Vehicle. In addition, the structural attributes of certain Alternative

Vehicles may result in divergent return characteristics for certain investors.

Risks Associated with Anticipated Loan Acquisitions and Transfers. The Master Fund intends to acquire certain loans originated by the Lending Vehicle (if any) based on independent third-party valuations. There is no guarantee that such value will represent the fair value of such loan. In addition, the Master Fund is not obligated to purchase any of the loans originated by the Lending Vehicle and may in fact decline to do so. The Master Fund could decline opportunities that could be profitable for the Master Fund while consenting to transfers of loans that prove less profitable. If the Lending Vehicle cannot transfer its loans, as a result of an inability to value a loan properly or an inability to agree upon an assigned value with a potential transferee, the Lending Vehicle may be obligated to hold a larger piece of such loan than originally anticipated even if significant costs have already been incurred in connection with the valuation and anticipated transfer of such loan investments.

Reserves; Contingent Liabilities. The Fund Agreements authorize the General Partner to establish reserves for contingent, unknown or unfixed debts, liabilities or obligations of the Fund as the General Partner may reasonably deem advisable. Any such reserves will reduce the amount of available cash for distribution until such time, if any, as such reserves are released.

Other Clients of the General Partner/Investment Manager. The General Partner and/or the Investment Manager serve the Fund as well as other funds, accounts or investment vehicles, some of which they may have incentives to favor over the Fund. The General Partner and the Investment Manager are subject only to the limited restrictions set forth herein with respect to advising new accounts, which could increase the competition for their time and adversely impact their performance.

Excuse and Exclusion from Investments. Under certain limited circumstances (including, potentially, in connection with investments in “new issues”), a Limited Partner may be excused from participating in an Investment (including, without limitation, to avoid violations of law and violation of a Limited Partner’s written policies disclosed to the General Partner prior to making a Capital Commitment to the Fund) or the General Partner may exclude or limit the participation of a Limited Partner in an Investment (including, without limitation, if a Limited Partner’s participation is reasonably likely to have a material adverse effect on the Fund, any of its affiliates or any issuer of an Investment or result in a violation of law). In any such circumstance, each other Limited Partner may be requested to make an additional capital contribution to the Fund in respect of such Investment, subject to certain limitations, thereby resulting in such other Limited Partner having an increased investment exposure in such Investment than such Limited Partner would otherwise have had but for such excuse or exclusion event.

Valuation. The market value of the Investments will generally fluctuate with, among other things, general economic conditions, world political events, developments or trends in any particular industry, the conditions of financial markets and the financial condition of the companies in which Investments are made. In addition, certain Investments may have interest rates that remain constant until their maturity. Accordingly, their market value will generally fluctuate with changes in market rates of interest. Certain of the Investments will be Investments for which there is no, or a limited, liquid market. As a result, the fair value of such Investments may not be readily determinable. Because such valuations, and particularly valuations with respect to loans and securities of private companies, are inherently uncertain, they may fluctuate over short periods of time and may be based on estimates. As a result, the Investments Manager’s determinations of fair value may differ materially from the actual values obtainable in an arm’s-length sale of such Investments to a third party. The Fund’s financial condition and results of operations could be adversely affected if the Fund’s fair value determinations were materially higher than the values that the Fund ultimately realize upon the realization of such Investments.

Other Risks

Absence of Certain Regulatory Protection. As the Fund is not required to be registered as an investment company, certain protections of the Investment Company Act will not be available to the Fund or its Limited Partners. In addition, because the Investment Manager is exempt from registration with the U.S. Commodity Futures Trading Commission (“CFTC”) as a commodity pool operator (a “CPO”) with respect to the Fund and as a commodity trading advisor (a “CTA”), Limited Partners will not have the benefit of CFTC regulatory oversight. Notwithstanding the foregoing, the Dodd Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) imposes burdensome reporting and recordkeeping requirements on the Fund. The Fund intends to trade with dealers who will be required by regulation or will undertake to fulfill the Fund’s Dodd-Frank mandated reporting requirements. The costs associated with such compliance may result in certain investment strategies in which the Fund engages or may have otherwise engaged becoming non-viable or non-economic to implement.

Counterparty Risk. The Fund may effect transactions in “over-the-counter” 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 Fund 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 Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. The Fund is not restricted from dealing with any particular counterparty or in the size of the exposure which the Fund may provide to a given counterparty. The inability to make complete and “foolproof” evaluations of the financial capabilities of the Fund’s counterparties and the absence of a regulated market to facilitate settlement increases the risk to the Fund.

While Dodd-Frank is intended to bring more stability and lower counterparty risk to derivatives market by requiring central clearing of certain standardized derivatives trades, many of the Fund’s trades may not be subject to a clearing requirement because the trades are grandfathered or because they are bespoke, or because they are within a class that is not currently subject to mandatory clearing. Furthermore, it is yet to be seen whether Dodd-Frank will be effective in reducing counterparty risk or if such risk may actually increase as a result of market uncertainty, mutuality of loss to clearinghouse members, or other reasons.

Enhanced Scrutiny and the Regulation of the Private Fund Industry. As private equity firms and other alternative asset managers have become more influential participants in the global financial markets and economy generally, and as the private funds industry and the reach of transactions consummated by its participants has continued to grow, the private funds industry has become subject to enhanced political, governmental and regulatory scrutiny around the globe. This increased scrutiny was particularly acute during the recent global financial crisis, over the course of which the performance of private industry participants was viewed by certain political, governmental and regulatory commentators as evidence of business practices and the employment of economic incentives that contributed to the market and economic volatility that ultimately resulted in the crisis. Generally, this enhanced scrutiny has prompted governmental and public action with respect to the private funds industry and its practices.

This enhanced oversight and regulation, and the need for significant additional rule-making by various governmental bodies, has created uncertainty in the financial markets and, in particular, the private funds industry. Many of the regulators to which the Fund is expected to be subject globally, including governmental agencies and self-regulatory organizations, are empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel or other sanctions, including censorship, the issuance of cease-and-desist orders or the suspension or expulsion of applicable licenses and members. There is also a material risk that regulatory agencies will continue to adopt burdensome new laws or regulations (including tax laws or regulations), or change existing laws or regulations, or enhance

the interpretation or enforcement of existing laws and regulations, as the global economy continues to struggle to improve. Any such events or changes could occur during the Fund's term and may adversely affect the Fund and its ability to operate and/or pursue its investment strategies. Such risks are often difficult or impossible to predict, avoid or mitigate in advance.

There has been some commentary amongst regulators and intergovernmental institutions, including the Financial Stability Board and International Monetary Fund, on "shadow banking" which is a term taken to refer to credit intermediation involving entities and activities outside the regulated banking system. Since the Fund is an entity outside the regulated banking system and certain of its activities could arguably fall within this definition, it may be subject to "shadow banking" regulatory developments. The Fund and Hunter Street could be subject to increased levels of oversight and regulation. This could increase costs, limit operations and hinder the Fund's ability to achieve its investment objectives. In more extreme circumstances such regulations could even render the continued operation of the Fund unviable and lead to its early termination or restructuring.

In summary, regulation generally as well as regulation more specifically addressed to the private funds industry, including tax laws and regulation, could increase the cost of acquiring, holding or divesting of investments in portfolio companies, the profitability of enterprises and the cost of operating the Fund. There can be no assurance that any such enhanced scrutiny will not have an adverse impact on the Fund or not otherwise impede the Fund's activities.

Dodd-Frank. In response to the financial crises of 2008-2009, Dodd-Frank was enacted in July 2010. Dodd-Frank established a comprehensive framework for the regulation of markets, market participants and financial instruments that were previously unregulated and substantially alters the regulation of many other markets, market participants and financial instruments.

The "Volcker Rule" component of Dodd-Frank materially restricts proprietary speculative trading by banks, "bank holding companies" and other regulated entities. As a result, there has been a significant influx of new portfolio managers into private investment funds who had previously traded institutional proprietary accounts. Such influx can only increase the competition for the Fund from other talented portfolio managers trading in the Fund's investment sector.

Concerns Regarding the Downgrade of the U.S. Credit Rating and the Sovereign Debt Crisis in Europe. Global markets and economic conditions have at times been negatively affected by the ability of certain EU member states to service their sovereign debt obligations. There is continued uncertainty over the outcome of the EU governments' financial support programs and the possibility that other EU member states may experience similar financial troubles that could further disrupt global markets. In particular, such uncertainty has and could in the future disrupt equity markets and result in volatile bond yields on the sovereign debt of EU members. These factors could have an adverse effect on the Fund. It may be possible for an EU member state that has adopted the Euro as its currency to opt out of it and return to a national currency. The effects of the exit of one or more countries from the EU are impossible to predict but are likely to be negative and may include, without limitation, flight of capital from perceived weaker countries to stronger countries in the EU, default on the exiting states' domestic debt, collapse of the exiting states' domestic banking system, seizure of cash or assets, imposition of capital controls that may discriminate in particular against foreigners' asset holdings, redenomination and revaluation of obligations of obligors in exiting countries and political or civil unrest. Any such exit and any consequent redenomination and revaluation would cause significant uncertainty with respect to outstanding obligations of counterparties and debtors in any exiting country, whether sovereign or otherwise, and lead to complex, lengthy litigation.

The UK ceased to be a member of the EU on January 31, 2020 ("Brexit"). During a prescribed period (the "Transition Period"), which ended on December 31, 2020, certain transitional arrangements were in effect, such that the UK continued to be treated, in most respects, as if it were still a member of the EU, and

generally remained subject to EU law. On December 24, 2020, the EU and the UK reached an agreement in principle on the terms of certain agreements and declarations governing the ongoing relationship between the EU and the UK, including the EU-UK Trade and Cooperation Agreement (the “TCA”). The TCA is limited in its scope primarily to the trade of goods, transport, energy links and fishing; in particular, the TCA does not make any meaningful provision for the financial services sector. Uncertainties remain relating to certain aspects of the UK’s future economic, trading and legal relationships with the EU and with other countries.

The impact of such events on the Fund is difficult to predict, but they may adversely affect the return on the Fund and its investments. There may be detrimental implications for the value of certain of the Fund’s Investments and/or the Fund’s ability to enter into transactions, to value or realize its investments or to otherwise implement its investment program. It is possible that certain of the Fund’s Investments may need to be restructured to enable the Fund’s objectives to be pursued fully. This may increase costs or make it more difficult for the Fund to pursue its investment objectives.

Market Disruptions. The global financial markets have in the past gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention. 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 typically 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 Fund 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 Fund from its banks, dealers and other counterparties is typically reduced in disrupted markets. Such a reduction may result in substantial losses to the Fund. Market disruptions may from time to time cause dramatic losses for the Fund, and such events can result in otherwise historically low-risk strategies participating in unprecedented volatility and risk.

Tax Considerations. The Fund’s income and gain for each taxable year will be allocated to, and includible in, a Limited Partner’s taxable income whether or not cash or other property is actually distributed. Furthermore, the Fund may not make distributions in a given year (particularly during the Investment Period). Accordingly, each Limited Partner should have alternative sources from which to pay its U.S. federal income tax liability.

The Fund may take positions with respect to certain tax issues that depend on legal conclusions not yet addressed by the courts. Should any such positions be successfully challenged by the IRS, a Limited Partner might be found to have a different tax liability for that year than that reported on its U.S. federal income tax return.

In addition, an audit of the Fund’s U.S. federal income tax information return may result in adjustments to the tax consequences initially reported by the Fund and may affect items not related to a Limited Partner’s investment in the Fund. If audit-related adjustments result in an increase in a Limited Partner’s U.S. federal income tax liability for any year, that Limited Partner may also be liable for interest and penalties with respect to the amount of underpayment. The legal and accounting costs incurred in connection with any audit of the Fund’s tax return will be borne by the Fund.

Absent an election by the Fund under rules to be finalized by the IRS, the Fund will be required to determine and pay an imputed underpayment of tax (plus interest and penalties) resulting from an adjustment of the Fund's items of income, gain, loss, deduction or credit at the Fund level without the benefit of Limited Partner-level tax items that could otherwise reduce tax due on any adjustment and, where the adjustment reallocates any such item from one Limited Partner to another, without the benefit of any corresponding decrease in any item of income or gain (or increase in any item of deduction, loss or credit).

The Fund may not be able to provide final Schedules K-1 to Limited Partners for any given calendar year until after April 15 of the following year, although it will attempt to provide them as soon as practicable. Limited Partners should be prepared to obtain extensions of the filing date for their income tax returns at the U.S. federal, state and local level.

The Fund will be required to disclose identifying information to the IRS regarding each of its Partners, including each Partner's name, address and taxpayer identification number.

The tax accounting rules with respect to the timing and character of income and losses on investments in distressed debt instruments may result in adverse tax consequences. For instance, Limited Partners may be required to include in income accrued interest, "original issue discount," and, potentially, "market discount" (each of which will be ordinary income), with respect to debt instruments held by the Fund even though there is uncertainty as to whether such amounts and/or the ultimate principal amount will ever be received by the Fund. If an item of income is accrued and subsequently becomes uncollectible, the effect is a deduction, rather than the elimination of the accrual, even if the item becomes uncollectible in the same tax year that it is accrued. Accordingly, Limited Partners may be subject to character mismatches where the Fund is required to accrue an amount of interest, original issue discount or market discount with respect to a capital asset which is subsequently sold at a loss. In addition, if a debt instrument held by the Fund is modified, Limited Partners may be required to recognize gain as a result of the modification.

Dividend and interest payments on foreign securities may be subject to foreign withholding taxes, which could reduce net proceeds to the Fund.

It is intended that the Master Fund's (but not the Onshore Feeder Fund's) affairs generally will be conducted such that no income realized by the Master Fund will be ECI or otherwise subject to regular U.S. federal income taxation on a net basis. However, because the law is unclear as to what activities constitute an active lending or financing business, it is possible that the Master Fund may engage in certain activities that may later be considered by the IRS to be a financing business if, among other facts, such activity is regularly carried on by the Master Fund during a taxable year. Non-U.S. Limited Partners in the Master Fund may elect to indirectly participate in Investments that are expected to generate ECI through one or more Blocker Corporations. As a result, electing non-U.S. Limited Partners would not be expected to derive any ECI from such Investments. However, the IRS may contend that such arrangements should not be respected and that non-U.S. Limited Partners should be considered to derive ECI from such Investments. Moreover, the Master Fund or non-U.S. Limited Partners may be deemed to derive ECI as a result of the provisions of the Master Fund Agreement that provide that the Management Fee will be offset by certain fees received by the Hunter Street Parties, and that any excess offset may, upon liquidation of the Master Fund, be paid to the Master Fund for distribution to the Limited Partners.

If, contrary to the intended method of operation, the Master Fund were engaged in, or deemed to be engaged in, a U.S. trade or business in any year, non-U.S. Limited Partners generally would be required to file a U.S. federal income tax return for such year and pay tax on their income and gain that is effectively connected with any U.S. trade or business at applicable U.S. tax rates. In addition, any non-U.S. Limited Partner that is a corporation for U.S. federal income tax purposes may be required to pay a branch profits tax equal to 30% of the dividend equivalent amount for the taxable year. The Master Fund would also be required to withhold taxes under Section 1446 of the Code on certain distributions to, and any income and

gain effectively connected with a U.S. trade or business that is allocable to, that non-U.S. Limited Partner. No assurances can be provided that a non-U.S. Limited Partner will not be deemed to be engaged in a U.S. trade or business or to derive ECI as a result of its investment in the Master Fund.

It is intended that the Master Fund's (but not the Onshore Feeder Fund's) affairs generally will be conducted such that no income realized by the Master Fund will be UBTI for tax-exempt Limited Partners in the Master Fund (other than unrelated debt-financed income, unless otherwise determined by the General Partner, in its sole discretion, with respect to any Investment). Tax-exempt Limited Partners in the Master Fund may elect to indirectly participate in Investments that are expected to generate UBTI through one or more Blocker Corporations. As a result, the electing tax-exempt Limited Partners would not be expected to derive any UBTI from such Investments. However, the IRS may contend that such arrangements should not be respected and that the electing tax-exempt Limited Partners should be considered to derive UBTI from such Investments. Moreover, tax-exempt Limited Partners may be deemed to derive UBTI as a result of the provisions of the Master Fund Agreement that provide that the Management Fee will be offset by certain fees received by the Hunter Street Parties, and that any excess offset may, upon liquidation of the Master Fund, be paid to the Master Fund for distribution to the Limited Partners. In any event, the Master Fund may use leverage for Investments not made through Blocker Corporations and thus tax-exempt Limited Partners may be treated as receiving unrelated debt-financed income that is UBTI as a result of their investment in the Master Fund.

The taxation of partnerships and partners is complex. Potential investors are strongly urged to review the discussion below under "*CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS*" and to consult their own tax advisors.

Accounting Risks. Changes in accounting treatment have from time to time rendered entire categories of strategies non-viable or required different issuers to record substantial accounting losses not reflected in their actual cash flows. Accounting changes may adversely affect both the Fund itself and the issuers in which it invests.

Forward-Looking Statements. Statements contained in this Memorandum (including those relating to current and future market conditions and trends in respect thereof) that are not historical facts are based on current expectations, estimates, projections, opinions, and/or beliefs of Hunter Street. Such statements involve known and unknown risks, uncertainties, and other factors, and undue reliance should not be placed on these statements. Moreover, certain information contained in this Memorandum constitutes "forward-looking" statements, which often can be identified by the use of forward-looking terminology such as "may," "will," "seek," "should," "expect," "anticipate," "project," "estimate," "intend," "continue," "believe," or the negatives thereof, or other variations thereon, or comparable terminology. Due to various risks and uncertainties, including, without limitation, those set forth herein, actual events or results or the actual performance of Hunter Street may differ materially from those reflected or contemplated in such forward-looking statements.

No Representation. The business terms and structure of the Fund have not been negotiated at arm's length with any prospective investor.

Item 9 - Disciplinary Information

Hunter Street and its management persons and employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's or prospective client's evaluation of the Adviser's advisory business or the integrity of the Adviser's management.

Item 10 - Other Financial Industry Activities and Affiliations

Related General Partner

Hunter Street and its management employees are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

Affiliated Adviser

An affiliate serves as the general partner of certain Funds, and each such Fund is managed by its respective general partner or the Adviser. Employees and persons acting on behalf of the general partner are subject to the supervision and control of Hunter Street. In other cases, Hunter Street and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

Offshore Fund

Hunter Street Offshore Fund I, LP, a Cayman Islands exempted limited partnership may be formed to follow an investment program similar to that of the Fund but may not participate in all of the Fund's investments. As a result, the investment results of the Offshore Fund may differ from those of the Fund. The Offshore Fund is an investment fund designed for qualified non-U.S. investors and certain U.S. tax-exempt investors and managed by an affiliate of the General Partner.

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

Hunter Street has adopted a Code of Ethics in accordance with Rule 204A-1 under Advisers Act that is applicable to all of its partners, officers and Employees, as well as Employees of its affiliates and certain independent contractors. The Code of Ethics contains provisions that remind employees of their obligations to Hunter Street's clients and obligations to comply with federal securities laws, sets forth standards of conduct, restricts certain personal securities trading and requires reporting of personal securities transactions and holdings. Personnel who violate the Code of Ethics may be subject to disciplinary or other action (including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or, termination of employment or agreement). Personnel are required to acknowledge that they have received, read and understand the Code of Ethics.

Hunter Street maintains a Code of Ethics (the "Code"), which requires, in part, that access persons act as the adviser's fiduciary duty to its clients; are in compliance with all applicable Federal Securities Laws; complete reporting and review of personal Securities transactions and holdings; and complete reporting of violations of the code.

The Code limits personal securities transactions to only certain types of investments, requires pre-clearance for certain personal securities transactions, and requires employees to submit periodic reports of holdings and transactions. Hunter Street's personal securities trading policies apply to access persons, as well as their immediate family members living in the same household.

A copy of Hunter Street's Code of Ethics is available upon request at the address or telephone number listed on the cover page of this Brochure.

Participation or Interest in Client Transactions

Employees are able to co-invest in the same investments that are made by the Funds on a formula basis without the advice of the Manager. Terms of such co-investments typically are agreed with the limited partners in the Funds with which the Employee Funds co-invest and are described in the Organizational Documents of the applicable Funds.

Where the Fund, an Other Client, Hunter Street itself, or its employees hold the same investment, the differing investment objectives of such clients, as well as other factors applicable to the specific situation, may result in a determination to dispose of, or retain, all or a portion of such investment on behalf of the Fund (or on behalf of the Other Client, Hunter Street itself or its employees) at different times as such investment or portion thereof is being disposed of, or retained, by the Fund. In addition, particularly with respect to illiquid or private investments, conflicts of interest can arise when disposing of a particular investment which would be beneficial for the Fund while retaining such investment would be beneficial for an Other Client.

Hunter Street may also invest in securities on behalf of one client (or Hunter Street itself or its employees may purchase such securities) that may differ from investments made on behalf of the Fund, even though the investment objectives of Other Clients may be similar. Moreover, the Fund, Other Clients, Hunter Street or Hunter Street's employees may make investments or engage in other activities that express inconsistent views with respect to an investment, a particular security or relevant market conditions.

Item 12 - Brokerage Practices

Hunter Street focuses on making investments in private securities, and does not deal with any financial intermediary such as a broker-dealer; therefore, commissions are not ordinarily payable in connection with such investments.

Hunter Street does not utilize broker-dealers or participate in soft dollar arrangements.

Item 13 - Review of Accounts

Oversight and Monitoring

Hunter Street seeks to hold a board seat for each investment or serve as a board observer whenever Hunter Street's investment structure precludes it from having a board seat, if applicable. The Funds' portfolios are continuously reviewed by the Portfolio Managers and other members of the investment team. Hunter Street's Investment Committee will review investments in the aggregate on a periodic and on an as-needed basis.

Reporting

Investors in the Funds generally receive written quarterly performance reports from Hunter Street and from the Funds' administrator. Investors also receive copies of audited financial statements for relevant Funds on an annual basis and Investors in the Onshore Fund receive tax estimates and a Schedule K-1 on an annual basis.

Item 14 - Client Referrals and Other Compensation

During the time period of raising of a new fund, while not a client solicitation arrangement, Hunter Street may enter into a third-party agreement with placements agents pursuant to which it compensates a third-party for identifying and marketing the Fund to potential limited partners. Such persons generally will receive a set fee or a fee in an amount equal to a percentage of the capital commitments for interests made by certain potential limited partners to such Fund that are subsequently accepted.

Placement agents may be influenced by its interest in such current or future fees and commissions, including differentials in the placement fees that are offered by other third-party fund sponsors for the placement agent acts as placement agent. Potential investors should also be aware that certain affiliates or employees of the placement agent might invest in the Fund on their own behalf and/or on behalf of their clients.

Item 15 - Custody

In its role as general partner and/or investment manager, Hunter Street (or an affiliate) is deemed to have custody of certain Fund assets.

Hunter Street complies with Advisers Act Rule 206(4)-2, the “Custody Rule” by obtaining an audit by an independent public accountant and delivering the financial statements within 120 days after the fiscal year end.

Item 16 - Investment Discretion

Hunter Street provides investment advisory services to each of the applicable Funds and their respective Fund GPs consistent with their investment objectives and restrictions. Investment recommendations and advice are provided by the Manager directly to the Funds and Fund GPs, subject to the direction and control of the affiliated Fund GP of such Fund, and not individually to the limited partners in the Funds. Any restrictions on investment are established by the applicable Fund GP and are set forth in the Organizational Document of such Fund received by each limited partner prior to investment in such Fund.

Item 17 - Voting Client Securities

The Partnerships are primarily invested in privately held portfolio company investments which typically do not issue proxies. Hunter Street does not vote proxies.

Item 18 - Financial Information

Hunter Street has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage the Funds.