

# **Olympus Peak Asset Management LP**

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**March 2024**

This “**Brochure**” provides information about the qualifications and business practices of Olympus Peak Asset Management LP (hereinafter “**Olympus Peak**”, “**we**”, “**us**”, “**our**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”), Leah Silverman, by email at [ir@opeaklp.com](mailto:ir@opeaklp.com). Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (“**SEC**”) or by any state securities authority.

Olympus Peak is a registered investment adviser with the SEC. Registration as an investment adviser does not imply that Olympus Peak or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

Additional information about Olympus Peak Asset Management LP is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2: Material Changes**

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Olympus Peak is required to identify and discuss any material changes made to this Brochure since the last annual update (which was filed on March 30, 2023). No material changes have been made but a number of non-material changes have been made as reflected herein. Olympus Peak recommends that you read this Brochure in its entirety.

On March 21, 2023, the Board of Directors of the Offshore Fund (the “Board of Directors”) and the members of the governance board (the “Governance Board”) of the Onshore Fund and the Master Fund notified Investors in the Flagship Funds that, consistent with the applicable governing documents of such funds, withdrawal and redemption rights of such funds were suspended, as the disposal of the Flagship Funds’ assets in order to create liquidity to satisfy withdrawals and redemptions was reasonably expected to be prejudicial to the non-redeeming/withdrawing investors. Each of the Board of Directors and the Governance Board has further determined, in consultation with the Firm, that the investment strategy of the Flagship Funds is no longer viable and it is in the best interests of the Investors in the Flagship Funds and/or the Flagship Funds as a whole to begin winding down business of the Flagship Funds with the objective of realizing assets of the Flagship Funds in an orderly manner. As of the date of this Brochure, the Flagship Funds are still in the process of winding down. Capitalized terms used in this Item, but not defined, have the meanings ascribed to them elsewhere in this Brochure.

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#### Item 4: Advisory Business

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Olympus Peak Asset Management LP, a Delaware limited partnership (hereinafter “**Olympus Peak**”, “**we**”, “**us**”, “**our**” or the “**Firm**”) has its principal place of business in Greenwich, CT. We are an affiliate of the following entities: Olympus Peak Asset Management GP LLC, a Delaware limited liability company (the “**Firm General Partner**”), the general partner of the Firm; Olympus Peak GP LLC, a Delaware limited liability company (the “**Flagship Fund General Partner**”), the general partner of the Master Fund and the Onshore Fund (as both terms are defined below); and Olympus Peak GP II LLC, a Delaware limited liability company (the “**TCF General Partner**”), the general partner of the of the TC Onshore Fund, TC Offshore Fund, ECI Master Fund and Non-ECI Master Fund (as defined below). Todd Westhus, a Founding Partner and Chief Investment Officer of the Firm (the “**Chief Investment Officer**”), is the majority beneficial owner of Olympus Peak and will direct the investment activities and operations of the Funds (as defined below).

We serve as the investment adviser, with discretionary trading authority, to private, pooled investment vehicles, the securities of which are offered through a private placement memorandum to US investors that are accredited investors, as defined under the Securities Act of 1933 (the “**Securities Act**”). We do not tailor our advisory services to the individual needs of any particular investor in such pooled investment vehicles.

Olympus Peak manages the following private, pooled investment vehicles:

- Olympus Peak Offshore Ltd, a Cayman Islands exempted company (the “**Offshore Fund**”);
- Olympus Peak Onshore LP, a Delaware limited partnership (the “**Onshore Fund**”);
- Olympus Peak Master Fund LP, a Cayman Islands exempted limited partnership (the “**Master Fund**”);
- Olympus Peak Trade Claims Opportunities Fund I Onshore LP, a Delaware limited partnership (the “**TC Onshore Fund**”);
- Olympus Peak Trade Claims Opportunities Fund I Offshore LP, a Cayman Islands exempted limited partnership (the “**TC Offshore Fund**”);
- Olympus Peak Trade Claims Opportunities Fund I ECI Master LP, a Delaware limited partnership (the “**ECI Master Fund**”);
- Olympus Peak Trade Claims Opportunities Fund I Non-ECI Master LP, a Delaware limited partnership (the “**Non-ECI Master Fund**”).
- Olympus SPV LLC, a Delaware limited liability company (the “**SPV Fund**”)

The Offshore Fund and the Onshore Fund invest all of their investable assets in the Master Fund. The Offshore Fund, Onshore Fund, and Master Fund are collectively referred to as the “**Flagship Funds**.”

The SPV Fund was established to manage certain illiquid assets of the Master Fund for investors withdrawing or redeeming from the Offshore Fund and the Onshore Fund.

The TC Onshore Fund and TC Offshore Fund each invest substantially all of its investable assets through a “master-feeder” fund structure in the ECI Master Fund and the Non-ECI Master Fund. The TC Onshore Fund, the TC Offshore Fund, the ECI Master Fund and the Non-ECI Master Fund are collectively referred to as the “**Trade Claims Funds**”.

The Master Fund, the Onshore Fund, the Offshore Fund, the SPV Fund, the TC Onshore Fund, the TC Offshore Fund, the ECI Master Fund, and the Non-ECI Master Fund are herein collectively referred to as the “**Funds**”.

Olympus Peak also manages one separately managed account (the “**Separately Managed Account**”) and may manage other separately managed accounts in the future. Investment decisions and advice with respect to each Separately Managed Account are subject to each client’s investment objectives and guidelines, as set forth in the client’s investment management agreement, as well as any written instructions provided by the client to us.

The Onshore Fund, Offshore Fund, TC Onshore Fund and TC Offshore Fund are collectively referred to as the “**Feeder Funds**”. The Master Fund, the ECI Master Fund and the Non-ECI Master Fund are herein collectively referred to as the “**Master Funds**”.

The Funds, together with the Separately Managed Account and any other accounts that Olympus Peak may manage will be referred to herein as the “**Clients**.”

The Flagship Fund General Partner and the TCF General Partner are collectively referred to as the “**General Partners**”.

The Funds “**Limited Partners**” and “**Shareholders**”, as applicable, are hereafter collectively referred to as the “**Investors**” where appropriate.

Our investment decisions and advice with respect to each Client is to each Client’s investment objectives and guidelines, as set forth in its respective confidential offering memorandum and governing documents (collectively, “**Offering Documents**”) or investment management agreement with respect to Separately Managed Accounts (each, an “**Investment Management Agreement**”).

This Brochure generally includes information about Olympus Peak and its relationships with its Clients and affiliates. While much of this Brochure applies to all such Clients and affiliates, certain information included herein applies to specific Clients or affiliates only.

This Brochure does not constitute an offer to sell, or solicitation of an offer to buy, any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended (the “**Securities Act**”), and other exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made. Shares in the Offshore Fund are offered on a private placement basis to U.S. tax-exempt entities, and, in accordance with Regulation S of the Securities Act, with respect to non-U.S. persons, and subject to certain other conditions, which are fully set forth in its Offering Documents. The interests in the Onshore Fund are offered on a private placement basis pursuant to Section 3(c)(7) of the Investment Company Act of 1940, as amended (the “**Company Act**”), to persons who are “accredited investors” as defined under the Securities Act, “qualified purchasers” as defined under the Company Act, or non-U.S. persons as defined in Regulation S and subject to certain other conditions, which are set forth in its Offering Documents. Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will generally be made only by means of a confidential offering memorandum.

The Firm has entered into and may enter into “side letters” or similar agreements with certain investor that may waive or modify the application of or grant special or more favorable rights with respect to the Offering Documents to the extent permitted by applicable law.

We do not currently participate in any Wrap Fee Programs.

The Firm has regulatory assets under management of \$639,736,227 as of December 31, 2023, all

managed on a discretionary basis.

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

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The fees applicable to a Feeder Fund are set forth in detail in its respective Offering Documents. The fees applicable to the Separately Managed Account are set forth in detail in the Separately Managed Account's Investment Management Agreement. A brief summary of such fees is provided below.

#### ***Management Fee***

##### *The Funds*

Olympus Peak is paid an investment management fee ("**Management Fee**") ranging from 1% - 1.50% per annum of the net asset value of each series of shares or capital account of a Feeder Fund. The Flagship Funds' and the SPV Fund's Management Fee is or will be charged monthly in advance. The Trade Claims Funds' Management Fee is charged quarterly in arrears, but is amortized monthly over the fiscal quarter for which such Management Fee is paid. If an investor in the Flagship Funds or the SPV Fund is withdrawn or redeemed, in whole or in part, at any time other than at the end of a quarter, a pro rata portion of the Management Fee (based on the actual number of days remaining in such partial quarter) will be repaid by the Firm to the Master Fund or the SPV Fund, as applicable, for the benefit of the withdrawing or redeeming investor.

##### *The Separately Managed Account*

Management Fees paid by a Separately Managed Account are agreed upon between Olympus Peak and the Separately Managed Account client and may range from 1 % to 1.5%. Management Fees generally are paid monthly or quarterly in arrears in accordance with the terms of each Investment Management Agreement.

Generally, the Management Fee is not negotiable. However, Olympus Peak may, in its sole discretion, waive, reduce or modify the Management Fee at any time.

#### ***Other Types of Fees or Expenses***

The below expenses may not be applicable to each Client. To the extent permitted under the applicable Offering Documents, each Client generally bears their own expenses and, in the case of the Feeder Fund, their pro rata share of the Master Funds' expenses, including, without limitation: the following: transaction-related expenses (which include all transaction-based expenses incurred in executing investments including brokerage and prime brokerage fees, commissions, and expenses; expenses relating to reorganizations, restructurings and workouts; expenses relating to short sales, clearing and settlement charges; expenses associated with consummating bank debt trades, dealer spreads, custodial fees and expenses, bank service fees, interest expenses and fees related to financings or refinancings; and fees and expenses of third-party professionals, including consultants, investment bankers, attorneys and accountants associated with any potential transaction); third-party investment sourcing fees; due diligence expenses including consulting and appraisal fees; investment-related travel expenses (which are travel expenses related to the purchase, sale or transmittal of, or due diligence regarding, the Fund's investments, whether or not such investments are consummated, incurred by the Investment Manager or the General Partner); third party professional fees and expenses (including, without limitation, expenses of consultants, valuation service providers, risk aggregators, investment bankers, attorneys, accountants and other experts and third party

liquidation service specialists); fees and expenses relating to research and market data and information technology hardware and connectivity hardware (e.g., fiber optic lines), software tools, programs or other technology utilized in managing the Fund (including, without limitation, third-party costs of software licensing, implementation, data management and recovery services and custom development costs and expenses) used to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions, facilitate compliance with the rules of any self-regulatory organization or applicable law (including reporting obligations), facilitate and manage the order execution of investments or otherwise manage the Fund or any trading vehicle, such as Bloomberg terminals, portfolio management systems, risk management systems and order management systems; research and market data (including any computer hardware and connectivity hardware (e.g., fiber optic lines) incorporated into the cost of obtaining such research and market data); expert networks; administrative expenses (including fees and expenses of the Administrator and the Sub-Administrator); fees and expenses relating to the trade claim database; legal expenses in connection with the Fund's ongoing operations (including the updating of the Fund's offering documents, processing transfer requests, negotiations with prospective investors and extraordinary legal expenses, such as those related to litigation or investigations or proceedings involving activities of the Fund or any trading vehicle; fees and expenses of third-party risk management products, models and services; external accounting and valuation expenses (including pricing services and the cost of accounting software packages); third party audit and tax preparation and filing expenses; costs related to errors and omissions insurance and directors and officers insurance for the General Partner and the Firm and their respective affiliates and governing board and any AML officers; fees and expenses of any governing board; costs of preparing and distributing offering materials, reports and notices; taxes; corporate licensing; fees and expenses related to compliance with the rules of any self-regulatory organization or applicable law in connection with the activities of the Fund or any trading vehicle, including without limitation, legal fees, any governmental, regulatory, licensing, filing or registration fees or taxes (including filing fees and expenses associated with FATCA compliance, if any, and fees and expenses incurred in connection with the preparation and filing of Form PF, Section 13 filings, Section 16 filings and other similar regulatory filings); fees and expenses (including director registration fees) of any trading vehicle's directors and officers (including any AML Officers); organizational and reorganizational expenses; expenses incurred in connection with the offering and sale of the Fund interests (including, without limitation, legal fees, registration and other filing fees and expenses incurred in connection with negotiating and complying with provisions of any side letter agreement, but excluding travel expenses) and other similar expenses related to the Fund (other than any fees payable to any placement agent, which will be paid by the Firm either directly or indirectly by reducing the Management Fees owed to the Firm); extraordinary expenses, including the following: indemnification expenses, fees and expenses incurred in connection with any tax audit by any taxing authority, including any related administrative settlement and judicial review; and fees and expenses incurred in connection with the reorganization, dissolution, winding-up or termination of a Fund.

**"FATCA"** refers to Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, as amended (the **"Code"**), known as the U.S. Foreign Account Tax Compliance Act (together with any regulations, rules and other guidance implementing such Code sections and any applicable intergovernmental agreement or information exchange agreement and related statutes, regulations, rules and other guidance thereunder).

If any of the expenses listed above are incurred jointly for the account of more than one Client, such expenses will be allocated among such Clients in proportion to each Client's net assets or the size of the investment made by each to which such expense relates, or in such other manner as the Board of Directors or Olympus Peak, as applicable, considers fair and equitable.

Neither the Firm nor its employees accept compensation, including sales charges or service fees, from any person for the sale of securities or other investment products.

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

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The Flagship Fund General Partner is entitled to an annual performance-based allocation, ranging from 10% - 20% of realized and unrealized gains of each capital account in the Master Fund, subject to a high watermark, as described in the applicable Offering Documents. The TCF General Partner is entitled to a performance-based allocation, ranging from 10% - 20% of realized and unrealized gains of each capital account in the TCF Master Fund upon the return of capital to the TCF Funds' limited partners and is subject to a preferred return of 8%, as described in the applicable Offering Documents.

Olympus Peak is entitled to an annual performance-based fee, ranging from 10%-17% in respect of realized and unrealized gains with respect to the Separately Managed Account, subject to a high watermark.

The performance based-allocation is normally allocated at the end of a fiscal year, although it is also allocated in connection with a withdrawal during a fiscal year.

Generally, the performance-based compensation is not negotiable. However, a General Partner may, in its sole discretion, waive, reduce or modify the performance-based compensation at any time.

A performance-based compensation arrangement may create an incentive for us to recommend investments which may be riskier or more speculative than those which we would recommend under a different arrangement in an effort to receive a greater performance-based compensation.

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**Item 7: Types of Clients**

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Our Clients are the Funds and the Separately Managed Account. An investment in a Fund is generally open to, among others, institutions, pension plans, endowments, high net-worth individuals, financially sophisticated individuals, and other sophisticated investors.

Generally, the minimum initial investment in a Feeder Fund is \$5 million. However, the General Partners and/ or the Firm, as applicable, may, in its sole discretion, accept a lower initial investment from time to time.

In order to establish a Separately Managed Account with Olympus Peak, a minimum investment of \$100,000,000 is generally required. However, Olympus Peak may, in its sole discretion, accept a lower minimum amount from time to time, including from an existing investor.

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

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The descriptions set forth in this Brochure of specific advisory services that we offer to investors, and investment strategies pursued and investments made by us on behalf of our Clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Client's investment objectives and guidelines. The investment strategies we pursue are speculative and entail



substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

### ***Investment Objective***

Olympus Peak's objective is to preserve capital and provide superior long-term risk adjusted returns by investing opportunistically in credit and other event driven instruments that have a favorable risk/reward profile. The Firm will invest across a broad array of strategies, industries and across various parts of the corporate capital structure. The Firm will take a dynamic and flexible approach in allocating capital to areas of the market that are less efficient, face limited competition and where uneconomic sellers exist.

The core strategy of the Firm is to identify new investment opportunities by screening for market dislocations, uneconomic sellers and other inefficiencies where it believes that the supply/demand of a security or asset class is temporarily out of balance. This approach allows the Firm to streamline a global opportunity set into a more manageable universe, containing a higher percentage of mispriced instruments, thereby improving the probability of selecting attractive investments for its Clients. The Firm believes that inefficiencies in the market may be created through various informational, structural and behavioral factors, and can be identified by developing a differentiated view than consensus. After the Firm has identified a target universe of potential ideas to underwrite, it implements a bottom-up fundamental process on this more focused universe of potential investments to determine intrinsic value and the margin of safety. The Firm believes that (i) an idea generation process which identifies these various market inefficiencies, (ii) investing with a margin of safety and (iii) developing both an accurate and differentiated view than consensus are all critical factors to sustainable alpha generation.

With respect to Trade Claims Funds, they will principally seek to acquire interests in claims of trade creditors and other claim holders of a debtor or issuer ("Trade Claims"). Trade Claims generally include, but are not limited to, claims of suppliers for goods delivered and not paid, claims for unpaid services rendered, claims for contract rejections and claims related to litigation. Trade Claims may take the form of, but are not limited to, general unsecured claims and administrative priority 503(b)(9) claims. The Fund may receive, in satisfaction of Trade Claims, cash and/or other Investments. The Trade Claim Funds also will seek to opportunistically write put options on trade receivables ("Receivable Puts"). A Receivable Put is a contractual obligation between a trade vendor and the seller of protection. The Firm believes that certain characteristics of Receivable Puts provide an attractive option for trade vendors, particularly during times of economic uncertainty. Trade Claims Funds may also engage in hedging transactions that the Firm considers appropriate to preserve or protect the Trade Claims Funds' investment objectives.

### ***Risk Management***

The Firm's approach to risk management is two-pronged with a focus on both position level risk and portfolio risk:

At the position level, risk management is incorporated throughout the investment process. The Firm will run a moderately concentrated portfolio for the Master Fund with 20-30 investments, which it believes offers the correct balance of diversification and levels of conviction. The most important risk to consider is permanent loss of capital. To mitigate this risk, the Firm will perform extensive downside analysis and seek to make investments for each Client with limited downside when the investment thesis fails to materialize as expected. When underwriting an investment on behalf of a Client, the Firm considers various risk scenarios, stress test those scenarios, and (if applicable) will hedge identifiable risks. The Firm does not define risk as the daily or monthly mark-to-market volatility of an investment and will primarily seek to hedge impairments to intrinsic value. SRZ, do we keep everything as is based on wind down? The description above was

relevant to the Flagship Fund when business was operating as usual.

The Firm will perform proprietary, in depth research, and only invests where there is an identifiable advantage, as well as a margin of safety in the price. Position sizing will be driven by the expected downside, adjusted for upside asymmetry, conviction level, catalyst profile, market technicals and expected liquidity conditions. As part of the process, the Firm discusses and documents thesis breakers up-front to help avoid any behavioral influences and biases when and if those events unfold.

At the portfolio level, risk management starts with portfolio construction and asset allocation. The Firm determines the appropriate allocation to various investment strategies for each Client including, but not limited to, performing credit, stressed credit, distressed credit, trade and other claims, post-reorganization equity and credit, distressed sovereign credit, distressed muni-credit and distressed structured credit depending on the market environment. Other risk exposures like industry concentration, commodity exposure, interest rates, political or binary outcomes will also be considered. The Firm monitors each Client's investments so that the exposures are appropriate in size and an intentional result of an investment thesis. The Firm believes that managing risk at the portfolio level goes beyond the level of diversification and understanding of various exposures, but also includes analyzing how positions are correlated to each other and to broader market moves or macroeconomic trends. Understanding this correlation is a critical input to the portfolio's risk/reward return profile.

### ***Risk Factors***

The following risk factors may not be applicable to all Clients. Investments in a Fund are speculative and involve a substantial degree of risk, including the risk that an investor could lose some or all of its investment in such Fund. Prospective investors should carefully consider the risks of investing, which include, without limitation, those set forth below which are more fully described in the applicable Fund's Offering Document.

Investment risks specific to the investment strategy of each Client are described in the Client's Offering Documents and risks specific to any investment strategy employed by the Firm in managing a Separately Managed Account will be explained by the Firm prior to the opening of the Separately Managed Account. These risk factors listed below include only those risks Olympus Peak believes to be material, significant, or unusual and relate to particular significant investment strategies or methods of analysis employed by Olympus Peak and do not purport to be a complete list or explanation of the risks involved in an investment in the Clients advised by Olympus Peak.

### **Risks Related to Investment Strategy**

**Risk of Loss.** No guarantee or representation is made that the Firms' investment program, including, without limitation, the Firm's investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past investment results of the investments otherwise made by the investment professionals of the Firm are not necessarily indicative of the Funds or Firm's future performance.

**Investment and Trading Risks in General.** Inherent in any investment in securities is the risk of losing the invested capital. The Firm believes that the Firm's research techniques moderate this risk through a careful selection of securities and investment opportunities, as well as through the application of the Firm's ongoing qualitative and quantitative risk assessment and

management program. However, no guarantee or representation is made that the Firm will be successful or profitable, and investment results may vary substantially over time. The Firm will utilize investment techniques such as option and derivative transactions, margin transactions, short sales, and futures and forward contracts, which can, in certain circumstances, exacerbate the adverse impact of any loss or adverse event to which Clients may be subject.

The Firm will not, in general, attempt to measure or hedge all market or other risks inherent in a Client's portfolio, and will seek to measure and hedge certain risks, if at all, only partially. Specifically, the Firm may choose not, or may determine that it is economically unattractive, to hedge certain risks, instead relying on diversification in an attempt to mitigate the risks.

**General Economic and Market Risk.** The success of the Firm's activities also will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws or regulations (or their interpretation), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors will affect the level and volatility of the prices of securities, commodities and other financial instruments and the liquidity of investments. Volatility or illiquidity could impair profitability or result in losses. The Firm may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

The Firm invests in the U.S. and a number of other countries. The economies of non-U.S. countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, relative currency appreciation or depreciation, asset reinvestment opportunities, resource self-sufficiency and balance of payments position. Further, certain economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain non-U.S. countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher levels of debt or inflation than others.

**Governmental Interventions.** Extreme volatility and illiquidity in markets has in the past led to, and may in the future lead to, extensive governmental interventions in equity, credit and currency markets. Generally, such interventions are intended to reduce volatility and precipitous drops in value. In certain cases, governments have intervened 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, these interventions have typically been unclear in scope and application, resulting in uncertainty. It is impossible to predict when these restrictions will be imposed, what the interim or permanent restrictions will be and/or the effect of such restrictions on the Fund's strategies.

**Discontinuation of LIBOR.** It is expected that the U.S. dollar London Interbank Offered Rate ("LIBOR"), which is commonly used as a reference rate within various financial contracts (any such rate, a "Reference Rate"), will not be published after June 30, 2023 (other than the one-week and two-month tenors, which will not be published after the year 2021). In anticipation of the end of LIBOR, the United States and other countries are currently working to replace LIBOR with alternative Reference Rates. As a general matter, the expected discontinuation of LIBOR may significantly impact financial markets; specifically, discontinuation may impact financial contracts to which a Fund is a party. Generally, the transition to alternative Reference Rates may (i) cause the value of a Reference Rate to be uncertain or to be lower

or more volatile than it would otherwise be; (ii) result in uncertainty as to the functioning, liquidity or value of certain financial contracts; (iii) involve actions of regulators or rate administrators that adversely affect certain markets or specific financial contracts; and (iv) impact the strategy, products, processes, legal positions and information systems of market participants, including the Fund and its counterparties. With respect to financial contracts to which the Fund is a party, including credit default swaps and floating rate debt, any such contract that has a maturity that extends beyond June 2023 and uses LIBOR as a Reference Rate (other than contracts that include curative fallback language or other curative mechanisms) may need to be renegotiated, the process of which will consume resources of the Fund and may result in disputes among counterparties, the result of which may be adverse to the Fund. Considered in their entirety, the impacts of the discontinuation of LIBOR on financial markets generally and on the specific financial contracts to which a Fund is a party may adversely affect the performance of the Fund.

**MiFID II.** The package of European Union market infrastructure reforms known as “MiFID II” increased regulation of trading platforms and firms providing investment services in the European Union. Among its many market infrastructure reforms, MiFID II brought in: (i) significant changes to pre- and post-trade transparency obligations applicable to financial instruments admitted to trading on EU trading venues (including a new transparency regime for non-equity financial instruments); (ii) an obligation to execute transactions in shares and derivatives on an EU regulated trading venue; and (iii) a new focus on regulation of algorithmic and high frequency trading. These reforms may lead to a reduction in liquidity in certain financial instruments over time, as some of the sources of liquidity exit European markets, and may result in significant increases in transaction costs.

Other regulatory changes, such as an increase in the scope of commodities and commodity derivatives regulation, including position limits and regulatory position management powers could, over time, similarly lead to liquidity reduction and/or an increase in costs and spreads in the European commodities markets.

Although the full impact of these reforms is difficult to assess at present, it is possible that the resulting changes in the available trading liquidity options and increases in transactional costs may have an adverse effect on the ability of the Firm to execute the investment program.

**Assumption of Catastrophe Risks.** A Fund may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which the Fund invests (or has a material negative impact on the operations of Olympus Peak or the service providers), the risks of loss can be substantial and could have a material adverse effect on the Fund and the Limited Partners’ investments therein. Furthermore, any such event may also adversely impact one or more individual Limited Partners’ financial condition, which could result in substantial withdrawal requests by such Limited Partners as a result of their individual liquidity situations and irrespective of Fund performance.

**Coronavirus Risks.** In December 2019, the virus SARS-CoV-2, which causes the coronavirus disease known as COVID-19, was first identified in the human population. The disease spread around the world, resulting in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across the globe, as well as the implementation of travel restrictions and remote working and “shelter-in-place” or similar policies by numerous companies and national and local governments. These actions caused the disruption of manufacturing supply chains and consumer demand in certain economic sectors, resulting in significant disruptions in local and global economies. Such disruptions continue to be felt, as many countries and U.S. states struggle

to contain the virus and its variants. The short-term and long-term impact of COVID-19 on the operations of the Firm and the performance of a Fund is difficult to predict. Any potential impact on such operations and performance will depend to a large extent on future developments and actions taken by authorities and other entities to contain COVID-19 and its economic impact. These potential impacts, while uncertain, could adversely affect the performance of the Fund.

**Diversification and Concentration.** The Firm may select investments that are concentrated in a limited number or types of Investments. In addition, a Fund's portfolio may become significantly concentrated in Investments related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose a Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such Investments.

**High-Yield and Distressed Securities.** The Firm expects to trade high-yield and distressed credit instruments. These instruments are subject to substantial risk of default, bankruptcy, moratorium, etc., as they are by definition issued by or referenced to issuers in precarious and often declining financial condition.

Valuing high-yield and distressed credit instruments is an inherently uncertain process due to the lack of available market prices and the uncertain financial condition of the issuers (and the lack of reliable information concerning such issuers' financial condition). The mispricings on which the Firm will attempt to capitalize in its investing reflect both the risk and the uncertainty of high-yield and distressed investments. The long-term and illiquid nature of many of these investments increases their risk, as the Clients will generally be unable to exit these investments in order either to recognize profits or limit losses. High-yield and distressed securities exhibit high mark-to-market volatility, require extensive due diligence and medium-to long-term holding periods, are generally illiquid and demand constant monitoring and carefully engineered exit strategies.

**Special Situation Investments.** The Firm may invest in securities issued by companies involved in acquisitions (as either buyer or seller), tender offers and spin-offs as well as recapitalizations, financial restructurings, work-outs, bankruptcies or other catalyst-driven situations (such as a regulatory change that may impact an industry, an issuer-defining event such as a major lawsuit or inversion, etc.). Such investments may have limited liquidity and may be difficult or costly to establish or unwind. In any type of special situation, there is the risk that a contemplated transaction will not occur, may not be completed on the terms originally contemplated or may take considerable time to complete, or that an anticipated change or development may take a different course than predicted or may occur in a timeframe that is different than projected. Furthermore, failure to anticipate changes in the circumstances affecting these types of investments may result in permanent losses, where a Client may be unable to recoup some or all of its investment. Investments of this type are complex in their analysis, require significant resources, may involve substantial financial and business risk and can result in significant losses.

**Event-Driven Strategies.** The success of event-driven investment strategies depends upon the Firm's ability to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as the Firm had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value, but fail to implement it, which can result in losses to investors. In liquidations and other forms of corporate

reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to the Clients of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a U.S. federal or state regulatory agency; (iii) efforts by the target company to pursue a “defensive” strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable U.S. federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event-driven investing, the results of the Client’s operations may be expected to fluctuate from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

**“Widening” Risk.** For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the securities in which the Clients will invest may decline substantially. In particular, purchasing assets at what may appear to be “undervalued” levels is no guarantee that these assets will not be trading at even lower levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such “spread widening” risk.

**General Risks Associated with Credit Strategies.** The Firm will invest in some credit instruments issued by distressed and bankrupt issuers, including debt obligations that are in covenant or payment default. Evaluating reorganizations and bankruptcies can be a complex, time consuming and expensive process that requires specialized expertise. Although such investments have the potential to achieve significant returns, they involve a high degree of risk, and may fail to show any return for a considerable period of time or result in substantial or complete loss. There is no assurance the Firm will accurately evaluate the prospects for a profitable return on the investments. While exit from distressed trading strategies may come through recovery and/or appreciation and subsequent sale in financial markets, other means of exit take alternate and sometimes suboptimal forms, including, but not limited to: (i) a refinancing, sometimes providing for redemption of positions held by a Client; (ii) reset terms and conditions, including but not limited to a longer tenure and/or a diminished coupon; (iii) conversion of debt instruments to further subordinated debt, hybrid, or equity securities; (iv) sale of the entire company to a strategic or financial buyer; (v) government nationalization; (vi) liquidation of assets or creation of liquidation trusts for assets; and (vii) cash settlement of claims from others involved in restructuring.

Certain of these exit strategies may go beyond the expected tenure of the trading strategy and adversely impact liquidity, volatility and pricing. Many of the events within a bankruptcy case are adversarial and often beyond the control of creditors. There can be no assurances that the Firm will be able to adequately exercise and/or enforce its full rights under the stated terms of its investments, or that any actions taken by the Firm will be either beneficial or not harmful to final recovery value. In some situations, the market of available dealers for distressed positions may constrict and could impact the willingness to purchase or repurchase at an expected or modeled fair market value. Consequently, the Firm may sometimes exit positions at times or under conditions different than initially anticipated and accept substantial losses.

**Structured Credit Products.** Special risks may be associated with investments in structured credit products, collateralized debt obligations, synthetic credit portfolio transactions and



asset-backed securities. For example, synthetic portfolio transactions may be structured with two or more classes of tranches that receive different proportions of the interest and principal distributions on a pool of credit assets. The yield to maturity of a tranche may be extremely sensitive to the rate of defaults in the underlying reference portfolio. A rapid change in the rate of defaults may have a material adverse effect on the yield to maturity. It is therefore possible that a Client may incur losses on its investments in structured products regardless of their ratings by S&P or Moody's. Additionally, the securities in which the Firm is authorized to invest include securities that are subject to legal or contractual restrictions on their resale or for which there is a relatively inactive trading market. Securities subject to resale restrictions may sell at a price lower than similar securities that are not subject to such restrictions. Investments in the junior subordinated tranche of structured credit products such as collateralized debt obligations tend to be highly levered; this may magnify the adverse impact on the tranche as a result of changes in the market value of the underlying assets.

**Leverage for Investment Purposes.** The Firm may use leverage in the Firm's discretion. The use of leverage will allow the Firm to make additional investments, on behalf of a Client, thereby increasing such Client's exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of a Client's portfolio. The effect of the use of leverage by a Client in a market that moves adversely to its investments could result in substantial losses, which would be greater than if a Client was not leveraged.

**Borrowing for Cash Management Purposes.** The Firm has the authority to borrow for cash management purposes, such as to satisfy withdrawal/redemption requests. The rates at and terms on which a Client can borrow will affect the operating results of the Client.

**Collateral.** The instruments and borrowings that may be utilized by a Client to leverage investments may be collateralized by all or a portion of such Client's portfolio or undrawn capital commitments. Accordingly, a Client may pledge these assets in order to borrow or otherwise obtain leverage for investment or other purposes. Should the investments pledged to brokers to secure a Client's margin accounts decline in value, such Client could be subject to a "margin call," pursuant to which such Client must either deposit additional funds or investments with the broker or suffer mandatory liquidation of the pledged investments to compensate for the decline in value. The banks and dealers that provide financing to a Client can apply essentially discretionary margin, "haircut," financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing to a Client may have similar rights. There can be no assurance that a Client will be able to secure or maintain adequate financing.

**Costs.** Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on a Client's portfolio.

**Interest Rate Risk.** Clients will generally be subject to interest rate risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. The risk will be greater for long-term securities than for short term securities. The Firm seeks to minimize the exposure of its portfolio to interest rate changes through the use of interest rate swaps, interest rate futures, interest rate options and/or other financial instruments. However, there can be no guarantee that the Firm will be successful in fully mitigating the impact of interest rate changes on a Client's portfolio. To the extent that interest rate assumptions underlie the

thesis of a particular position, fluctuations in interest rates could invalidate those underlying assumptions.

The Federal Reserve and other central banks around the world have lowered interest rates to historically low levels. It is reasonable to assume that, if and when normal economic conditions return, interest rates will rise. Rising interest rates could lead to material losses in a Client and interest rate increase generally will increase the interest carrying costs to the Client of borrowed securities, as well as the cost of leverage, if any, used by the Client.

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

**Default Risk.** It is generally anticipated that conventional debt will be paid as due, barring unexpected developments. Nonetheless, there exists the risk of default. The Firm will attempt to reduce default risk through diversification and research (both on a country-by-country and issuer-by-issuer basis).

The Firm recognizes that economic disruptions in a country in which a Client is invested may lead to a material, if not complete, loss on a Client's investment in that economy. The Firm will diversify country risk by investing in a number of different countries and will attempt to position a Client's portfolio so as to reduce the risk of "domino effect" defaults across related economies. However, the Firm has no means of predicting where political or economic unrest will develop. A Client may suffer from major defaults in the countries in which it is invested, while at the same time other sectors in general might be profitable for other investors.

**Lack of Effective Securities Interests.** Certain higher risk debt investors make a policy of acquiring only secured debt so that they have good assurances of receiving back their principal even in the event of a default. The Firm recognizes that certain instruments may not be paid in full and, in fact, may be a complete loss. In addition, when a Client holds participations in a loan, such Client may not have the right to vote for or waive enforcement of any default by an obligor, and/or the selling institution may not consider the interests of such Client in connection with its actions.

**Active Management.** The Firm may from time to time attempt to exert management control over the reorganization process of some of the Client's portfolio company investments. Active management is unusually resource-intensive and the Firm's more limited resources may put it at a competitive disadvantage.

**Short Selling.** A short sale in equity creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to a Client of buying those securities to cover the short position. In credit short sales the risk of loss is generally limited by spread tightening to risk free rate or zero bound in the case of CDS. There can be no assurance that a Client will be able to maintain the ability to borrow securities sold short. In such cases, such Client can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used



with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and a Client may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though a Client secures a “good borrow” of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing such Client to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by such Client.

**Hedging Transactions.** The Firm may utilize financial instruments both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of a Client’s investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect a Client’s unrealized gains in the value of such Client’s investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in such Client’s portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate or currency exchange rate on any of such Client’s liabilities or assets; (vii) protect against any increase in the price of any securities a Client anticipates purchasing at a later date; or (viii) satisfy any other purpose that the Firm deems appropriate.

Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses, although hedging does typically reduce the risk of loss. On the other hand, the hedging transactions also limit the opportunity for gain if the value of a portfolio position should increase. Moreover, it should be noted that (i) the Firm may determine not to hedge against, or may not anticipate, certain risks, (ii) the portfolio will always be exposed to certain risks that cannot be hedged and (iii) there is no guarantee that a hedge will be properly implemented, will function in the manner anticipated or will not be adversely effected by changes in the applicable law or regulation.

The success of the Firm’s hedging transactions to a significant degree will be subject to the ability of the Firm to correctly assess the relationships between groupings of securities within a portfolio. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio position being hedged may vary. Since the characteristics of many securities change as markets change or time passes, the success of any hedging strategy will also be subject to the ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Firm may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for a Client than if it had not engaged in such hedging transactions. For a variety of reasons, the Firm may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent a Client from achieving the intended hedge or expose such Client to risk of loss. The Firm will not be required to hedge any particular risk in connection with a particular transaction or its portfolios generally. Moreover, it should be noted that the portfolio will always be exposed to certain risks that may not be hedged. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of portfolio holdings.

Currency hedging activities that the Firm engages in may require the use of a portion of a Client’s assets for margin or settlement payments or other purposes. For example, a Client may from time to time be required to make margin, settlement or other payments, including intra-month, in connection with the use of certain hedging instruments. Counterparties to

any currency hedging activities may demand payments on short notice, including intra-day. As a result, the Firm may liquidate assets sooner than it otherwise would have in order to have available cash to meet current or future margin calls, settlement or other payments, or for other purposes. Moreover, due to volatility in the currency markets and changing market circumstances, the Firm may not be able to accurately predict future margin requirements, which may result in a Client holding excess or insufficient cash and liquid securities for such purposes. Where a Client does not have cash or assets available for such purposes, such Client may be required to dispose of assets at disadvantageous prices or might fail to comply with certain of its contractual obligations. Such failures could, without limitation, include failing to meet margin calls or settlement or other payment obligations. If a Client were to default on any of its material contractual obligations, such Client would likely be materially adversely affected.

**Competition; Potential Strategy Saturation.** Despite the specialized, “niche” character of a Client’s portfolio, such Client will compete with numerous other private investment funds and financial institutions (both diversified and specialized funds), as well as other investors, which pursue similar strategies and many of which have resources substantially greater than such Client. As a result, there can be no assurance that the Firm will be able to identify or successfully pursue attractive investment opportunities in such environments.

The amount of capital committed to “alternative investment strategies” and credit related strategies has increased dramatically during recent years and at the same time, market conditions have become significantly more adverse to many of such strategies than they were in previous years. The profit potential of a Client may be materially reduced as a result of the “saturation” of the alternative investment field.

**Exposure to Material Non-Public Information.** From time to time, the Firm or its affiliates may receive material non-public information in connection with investments of a Client, with respect to an issuer of publicly traded securities. In such circumstances, the Firm may be prohibited, by law, policy or contract, including any “restricted list” maintained by the Firm, for a period of time from (i) unwinding a position in such issuer for any Client, (ii) establishing an initial position or taking any greater position in such issuer for any Client and (iii) pursuing other investment opportunities related to such issuer for any Client.

**Significant Positions.** The accumulation of a significant position in the shares of a single issuer could lead to increased compliance or legal risk and expense. The Firm, on behalf of a Client, may acquire more than 5% of a class of securities of a single issuer traded in the U.S., which would require the filing of a Schedule 13D or 13G statement with the SEC. In addition, a Client may acquire a percentage of securities that are traded in non-U.S. jurisdictions that would trigger regulatory reporting or other statutory requirements in other countries (e.g., filing a voting rights disclosure, making a mandatory tender offer). In such circumstances, the Client may incur legal or other expenses in connection with its compliance with the relevant law. In carrying out the investment strategy, the Firm may make contact with other shareholders of the securities of a portfolio company. The Firm does not intend to form a group with such shareholders or to act in concert with them. Nonetheless, the SEC or foreign regulator may find that a Client is part of a group or acting in concert with other shareholders, such that such Client’s holdings should be aggregated with those of the other shareholders. Such aggregation may result in such Client’s position exceeding the threshold for disclosure filings or other statutory requirements.

**Litigation Finance.** A Client’s investments may require an evaluation of the outcome and timing of a dispute resolution process. Regardless of the amount of research and other due diligence that may be performed, predicting the outcome of litigation or other dispute

resolution processes is inherently uncertain and depends on a variety of circumstances that may be unrelated to the legal merits of the substantive claims of the parties, including uncertainty regarding the application of law to particular facts, disputed factual records and testimony, unforeseen procedural issues, uneven quality of advocacy, misapplication of settled law by a judge or jury, or settlement dynamics in which the motivations of the parties may be unrelated, in whole or in part, to the merits of the dispute. Since the expenditures in this type of investment generally do not involve the acquisition of any assets having any residual value, an unfavorable outcome typically will result in a complete loss of a Client's investment.

**Other Litigation Situations.** The Firm may seek to invest in companies, on behalf a Client, involved in litigation or restructuring on the basis of the Firm's assessment of the likely outcome of such litigation and/or the impact of the bankruptcy process on the company. The Firm may also invest in companies, on behalf of a Client, that are likely to be subject to reorganization, including as a result of a major litigation involving such company. Predicting the outcome of litigation or restructuring is speculative by nature and could involve lengthy delays following an appeal or an indirect attack on the outcome. The Firm may invest in issuers which were — as entities, at the senior management level or both — the subject of criminal and administrative proceedings. These investments involve a particularly high degree of risk and uncertainty due to the unpredictability (and often politically motivated and discretionary) outcome of such proceedings and the risk of government cancellation of franchises and licenses necessary for continued operations.

**Other Investment Vehicles and Joint Ventures.** The Firm, on behalf of a Client, may invest in private pooled investment vehicles managed by third-party managers (e.g., closed-end funds). Such investments may be made where the Firm determines that such arrangements enhance such Client's ability to access specific investment opportunities. In addition, the Firm, on behalf of a Client, may enter into a joint venture or other co-investment arrangement pursuant to which such Client pays fees and/or a profit participation to the third-party manager or other joint venture partner. A Client will bear the management fees, incentive fees or allocations, other fees and/or expenses in connection with such investments, in addition to the Management Fee and performance-based compensation. As a result, in these cases, a Client will pay two or more layers of fees.

**Exchange Traded Funds.** The Firm, on behalf of a Client, may invest in exchange-traded funds ("ETF"). ETFs are a type of investment security representing an interest in a passively managed portfolio of securities selected to replicate a securities index, such as the S&P 500 Index or to represent exposure to a particular industry or sector. Unlike open-ended mutual funds, the shares of ETFs and certain closed-end funds are not purchased and redeemed by investors directly, but instead are purchased and sold through broker-dealers in transactions on a stock exchange. Because ETF and certain closed-end fund shares are traded on an exchange, they may trade at a discount from or a premium to the net asset value per share of the underlying portfolio of securities. In addition to bearing the risks related to investments in equity securities, investors in ETFs designed to replicate a securities index bear the risk that the ETF's performance may not correctly replicate the performance of that particular index. Investors in ETFs, closed-end funds and other investment companies bear a proportionate share of the expenses of those funds, including management fees, custodial and accounting costs and other expenses. Trading in ETF and closed-end fund shares also entails payment of brokerage commissions and other transaction costs.

**Fraud.** Of paramount concern in investments in loans is the possibility of material misrepresentation or omission on the part of the borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of a structured product to perfect or effectuate a lien on the

collateral securing the loan. A structured product will generally rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable when it makes its investments, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to a structured product may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

**Cash Management.** A Client may hold cash or money market instruments. The percentage of a Client invested in and among such holdings varies and depends on various factors, including market conditions and purchases and withdrawals/redemptions of interests/shares in such Client. A Client may agree to certain restrictions on the liquidity of the underlying cash or money market instruments in exchange for a more favorable interest rate or increased capacity (e.g., “time deposits”). Furthermore, when instruments other than demand deposits of cash are held (e.g., money market instruments or short-term securities), there may be greater market risk, illiquidity risk or the risk of operational delays in converting the instrument into cash. Demand deposits in cash are generally not collateralized and would give rise to an unsecured claim in the event of the bankruptcy of the deposit-taking institution.

**Capital Structure Arbitrage.** The success of capital structure arbitrage strategies depends upon the Firm’s ability to identify and exploit the relationships between movements in different securities within an issuer’s capital structure (including, bank debt, convertible and non-convertible senior and subordinated debt and preferred and common stock). Identification and exploitation of these opportunities involve uncertainty. There can be no assurance that the Firm will be able to locate investment opportunities or to correctly exploit price discrepancies. A reduction in the pricing inefficiency of the markets in which a Client will seek to invest will reduce the scope for the Client’s investment strategies. In the event that the perceived mispricings underlying the Client’s positions fail to materialize, these investment strategies could be unsuccessful or result in losses.

**Convertible Arbitrage.** The success of convertible arbitrage strategies depends upon the Firm’s ability to identify convertible securities that appear incorrectly valued relative to their theoretical value, purchase (or sell short) such a convertible security and sell short (or purchase) the underlying security for which the convertible security can be exchanged to exploit price differentials. There can be no assurance that the Firm will be able to identify convertible arbitrage opportunities or that changes in price differentials will not cause losses. Borrowing and lending against such investments involves substantial risks. The prices of these investments can be volatile, market movements are difficult to predict, and financing sources and related interest and exchange rates are subject to rapid change. Certain corporate securities may be subordinated (and thus exposed to the first level of default risk) or otherwise subject to substantial credit risks.

#### **Risks Related to Specific Investments**

**Debt Instruments.** The debt instruments in which a Client will invest 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 issuer and general market liquidity. A Client will invest in non-investment grade debt securities, which are typically subject to greater market fluctuations and risks of loss of income and principal than lower yielding, investment grade securities and are often influenced by many of the same unpredictable factors which affect equity prices. 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. A Client’s investments in debt instruments may experience substantial losses due to adverse changes in interest rates and the market’s perception of any particular issuer’s creditworthiness, which may inhibit such issuer’s ability to refinance, restructure or otherwise experience recovery. A Client also will invest in certain hybrid debt arrangements, which are subject to risks in addition to the

conventional risks of general interest-rate movements and the issuer's ability to pay the debt in accordance with its terms.

**Distressed Securities.** A Client may invest in securities issued by companies in weak and/or deteriorating financial condition, experiencing poor operating results, needing substantial capital investment, facing special competitive or product obsolescence problems or involved in bankruptcy or reorganization proceedings. Securities of this type may involve substantial financial and business risks, which are often heightened by an inability to obtain reliable information about the issuers. Among the risks inherent in investments in troubled companies is the fact that it frequently may be difficult to obtain information as to the true condition of such companies. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. 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 is no assurance that a Client will correctly evaluate the value of the assets underlying distressed securities or the prospects for a successful reorganization or similar action. Investments of this type are complex in their analysis, require significant resources and may involve substantial financial and business risk and can result in significant or even total losses to such Client.

The market for distressed securities is expected to be less liquid than the market for securities of companies that are not distressed. A substantial length of time may be required to liquidate such securities. Furthermore, at times, a major portion of an issue of distressed securities may be held by relatively few investors, and the market may be limited to a narrow range of potential counterparties, such as institutions and investment banks. Under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer, the Firm, on behalf of a Client, may find it more difficult to sell such securities when the Firm believes it advisable to do so or may only be able to sell such securities at a loss. The Firm, on behalf of a Client, may also find it more difficult to determine the fair market value of distressed securities for purposes of computing a Client's net asset value. In some cases, a Client may be prohibited by contract from selling distressed securities for a period of time. There is, therefore, a significant risk that the investment by a Client in companies involved in distressed securities could expose such Client to significant losses.

**Asset Backed Securities.** ABS generally refers to securities backed by assets other than mortgages, mortgage-backed securities or other mortgage-related assets. The investment characteristics of ABS differ from those of traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time because the underlying assets generally may be prepaid at any time. Credit card receivables, automobile, boat and recreational vehicle installment sales contracts, commercial and industrial bank loans, home equity loans and lines of credit, manufactured housing loans, corporate debt securities and various types of accounts receivable commonly support ABS. However, there can be no assurance that innovation in the relevant markets will not transform ABS by adding new classes of assets, new structures or other features not now familiar in the asset-backed markets. ABS securities present certain risks that are not presented by mortgage-backed securities. Primarily, ABS securities are often backed by unsecured receivables. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the

protection of a number of state and federal consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related automobile receivables. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the automobile receivables may not have a proper security interest in all of the obligations backing such receivables. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing directly or indirectly in ABS is ultimately dependent upon payment of consumer loans by the debtor.

**Risks Associated with Residential Mortgage-Backed Securities.** Holders of RMBS bear various risks, including credit, market, interest rate, structural and legal risks. RMBS represents interests in pools of residential mortgage loans secured by one- to four-family residential mortgage loans. Such loans may be prepaid at any time. Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity. The rate of defaults and losses on residential mortgages will be affected by a number of factors, including general economic conditions and those in the area where the related mortgaged property is located, the borrower's equity in the mortgaged property and the financial circumstances of the borrower. If a residential mortgage loan is in default, foreclosure of such residential mortgage may be a lengthy and difficult process, and may involve significant expenses. Residential mortgage loans may be more susceptible to geographic risks relating to an area in which the collateral is concentrated, such as adverse economic conditions, adverse events affecting industries located in such area and natural hazards affecting such area, than would be the case for a pool of mortgage loans having more diverse property locations.

Residential mortgage loans in an issue of RMBS may be subject to various federal and state laws, public policies and principles of equity that protect consumers, which among other things may regulate interest rates and other charges, require certain disclosures, require licensing of originators, prohibit discriminatory lending practices, regulate the use of consumer credit information and regulate debt collection practices. Violation of certain provisions of these laws, public policies and principles may limit the servicer's ability to collect all or part of the principal of or interest on a residential mortgage loan, entitle the borrower to a refund of amounts previously paid by it, or subject the servicer to damages and sanctions. Any such violation could also result in cash flow delays and losses on the related issue of RMBS.

**Risks Associated with Commercial Mortgage-Backed Securities.** The value of CMBS will be influenced by factors affecting the value of the underlying real estate portfolio, and by the terms and payment histories of such CMBS. The value of CMBS in which a Client may be indirectly exposed to generally will have an inverse relationship with interest rates. Accordingly, if interest rates rise, the value of such securities will decline. In addition, to the extent that the mortgage loans which underlie specific mortgage-backed securities are prepayable, the value of such mortgage securities may be negatively affected by increasing prepayments, which generally occur when interest rates decline. Typically, commercial mortgage loans are not prepayable or are subject to prepayment penalties or interest rate adjustments, while the principal on most residential mortgage loans generally may be prepaid at any time without penalty.

**Enhanced Equipment Trust Certificates ("EETCs").** The Firm may invest in EETCs. Although any entity may issue EETCs, to date, U.S. airlines are the primary issuers. An airline EETC is an



obligation secured directly by aircraft or aircraft engines as collateral. EETCs tend to be less liquid than bonds. Other asset-backed securities may be collateralized by the fees earned by service providers. The value of asset-backed securities may be substantially dependent on the servicing of the underlying asset pools and therefore is subject to risks associated with the negligence of, or defalcation by, their servicers. In certain circumstances, the mishandling of related documentation also may affect the rights of the security holders in and to the underlying collateral. The insolvency of entities that generate receivables or that utilize the assets may result in added cost and delays in addition to losses associated with a decline in the value of the underlying asset.

**Bank Loans.** The Firm will invest in loans and participations therein originated by banks and other financial institutions. These investments may include highly leveraged loans to borrowers whose credit is rated below investment grade. Such loans are typically private corporate loans that are negotiated by one or more commercial banks or financial institutions and syndicated among a group of commercial banks and financial institutions. In order to induce the lenders to extend credit and to offer a favorable interest rate, the borrower often provides the lenders with extensive information about its business that is not generally available to the public. To the extent that a Client obtains such information and it is material and nonpublic, such Client will be unable to trade in the securities of the borrower until the information is disclosed to the public or otherwise ceases to be material, nonpublic information.

The Firm may invest, on behalf of a Client, directly or through participations in loans with revolving credit features or other commitments or guarantees to lend funds in the future. A failure by a Client to advance requested funds to a borrower could result in claims against such Client and in possible assertions of offsets against amounts previously lent.

The Firm may acquire interests in bank loans and other debt obligations either directly (by way of sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. A participation interest in a portion of a debt obligation typically results in a contractual relationship with only the institution acting as a lender under the credit agreement, not with the borrower. As a holder of a participation interest, a Client generally will have no right to exercise the rights of the lender under the credit agreement, including the right to enforce compliance by the borrower with the terms of the loan agreement, approve amendments or waivers of terms, nor will such Client have any rights of set-off against the borrower, and such Client may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, such Client will be exposed to the credit risk of both the borrower and the institution selling the participation.

**Risks Associated with Issuers in Bankruptcy and/or Liquidation.** Investments made by the Firm may be non-performing or in default, and the issuer or obligor may be forced to enter into bankruptcy or liquidation proceedings. Events within a bankruptcy case are frequently adversarial and beyond the control of creditors. While creditors generally are afforded an opportunity to object to significant actions, a bankruptcy court may approve actions that may be contrary to the interests of a Client. Furthermore, creditors and equity holders may lose their ranking and priority when they take over management and functional operating control of a debtor.

The duration of a bankruptcy cannot be estimated with any degree of certainty. Generally, no interest will be permitted to accrue during, and, therefore, return on investment may be

adversely affected by, the passage of time during which a plan of reorganization of a debtor is being negotiated, approved by the creditors and confirmed by a bankruptcy court. The Firm, on behalf of a Client, may seek representation on creditors' committees, equity holders' committees or other groups to ensure preservation of such Client's position as a creditor or equity holder. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. If the Firm concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to a Client, it may decide to resign from that committee or group, and the Client may not realize the benefits, if any, of participation on the committee or group. In addition, if a Client is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of its investments in that debtor while it continues to be represented on such committee or group.

**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 fraudulent conveyances, subordinate such indebtedness to existing or future creditors of the borrower or recover amounts previously paid by the borrower (including to a Client) 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 a Client 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 avoidable, 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 a Client, the resulting loss will be borne by investors in such Client.

**Equities.** The Firm may invest its capital in long and short positions in equities, deferred interest obligations and other investments which do not produce current income for a Client. Equity prices are directly affected by issuer-specific events, as well as general market conditions. In addition, in many countries investing in equity is subject to heightened regulatory and self-regulatory scrutiny as compared to investing in debt or other financial instruments.

**Trade Claims.** The Firm will invest in Trade Claims, which include the claims of creditors against bankrupt debtors arising from commercial and financial contracts, ranging from obligations owed to creditors by such debtors for goods, services and other commercial and financial arrangements delivered prior to or after the filing of a bankruptcy, to causes of action against debtors for failure to honor prospective contracts, and including, without limitation, wage claims, tax claims, environmental claims, personal injury claims, contract rejection claims, government claims, claims for administrative expenses and lease claims, and make investments in other claims including securitized lease receivables and equipment note payments. The Trade Claims market is highly specialized and consists of purchasing a creditor's claim against a stressed, distressed or bankrupt debtor, including both pre-



bankruptcy or post-bankruptcy (bankruptcy case administrative) debt and claims owed to trade vendors. Many sellers in the Trade Claims market are financially less sophisticated creditors who lack the time or expertise to assess the value (including timing of payment) of their Trade Claims in the context of bankruptcy or financial distress and choose to divest from such Trade Claims for liquidity purposes and to avoid the significant administrative burden required to enforce and collect on a Trade Claim. This often results in opportunities for well positioned, more sophisticated purchasers to purchase Trade Claims at substantial discounts to where pari passu more liquid debt securities (including unsecured bonds) are trading. In addition to the risks otherwise associated with lower credit quality obligations and inherent in investments in entities experiencing financial distress, the risks associated with Trade Claims include:

***Notional Amount Risk.*** Purchasers of Trade Claims, such as the Clients, bear the risk that the notional amount of a Trade Claim may be disputed by the obligor (i.e., the risk that the purchased Trade Claim is not “recognized” in the notional amount asserted by the original creditor, as opposed to the “recovery” risk meaning the amount paid by the debtor to creditors with similarly situated and classified claims). The risks to the notional amount of the Trade Claim can range significantly and be present throughout much of the debtor’s case until the case is “settled” (i.e., confirmed by the debtor) or the Trade Claim is paid based upon the debtor’s plan of reorganization, liquidation, or otherwise. The notional amount of a Trade Claim can be challenged by the debtor or other party in interest on behalf of the debtor for numerous reasons, including for technical faults on the original commercial contract and amounts preferentially or fraudulently transferred to the selling creditor (including amounts transferred to the selling creditor unrelated to the purchased Trade Claim). While the Firm attempts to mitigate the notional amount risk via contract documentation that provides indemnification, representations, warranties and possible rights to put all or a portion of claims that are subject to notional amount defects back to the Trade Claim seller or the original creditor, the Firm will often be subject to the counterparty risk of the Trade Claim seller and such seller in certain transactions may also be stressed or distressed.

***Information Asymmetry.*** The Firm, as a purchaser of Trade Claims, faces significant difficulties in obtaining information regarding the debtor’s true financial condition and how the debtor intends to treat similarly situated and classified claims. Furthermore, the pricing of such investments can be subject to high volatility and often limited ability to find third party market valuation. Such information may significantly impact the value of any Trade Claim purchased by a Client.

***Fraud.*** As with any secondary transaction, each Client bears the risk that a purported Trade Claim purchased by the Firm is fraudulent. In such cases, the Firm will have no recourse to collect amounts from the purported debtor and each such Client may face significant difficulty recovering any monies already paid to the seller of such fraudulent Trade Claim.

***Collections Difficulty.*** Logistical and operational issues may affect the ability of the Firm or its agents to collect on the Trade Claim in whole or in part. Such investments may also be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court’s discretionary power to disallow, subordinate and disenfranchise certain claims. Trade Claims are also generally illiquid, even after a buyer and seller agree to a transaction settlement and the formal transfer of the Trade Claim can take many months.

***Receivable Puts.*** The Firm, on behalf of a Client, may incur risks associated with the writing of Receivable Puts. A Receivable Put provides a trade creditor (the “Purchaser”) the right to deliver outstanding Trade Claims to the Firm in the event of a customer credit event (bankruptcy or liquidation). After a customer credit event occurs and the Receivable Put is triggered, the Purchaser delivers eligible outstanding accounts receivable (now unsecured Trade Claims) to the

Firm. After confirming the validity of the Trade Claims, the Purchaser is paid the par value of the accounts receivable or a pre-determined purchase rate (the “**Exercise Price**”), subject to the coverage amount as dictated in the Receivable Put contract. The Purchaser’s sale right is further subject to termination on a pre-determined expiration date (the “**Expiration Date**”). Within a specific time after delivery of the notice of a triggering event, the Purchaser must deliver an executed assignment agreement to the Firm. Note that agreements typically are silent as to a Client’s rights during the period between delivery of the notice of triggering event and closing. Thus, the Firm, on behalf of a Client, may not have any control of the claims, ability to enforce such claims, and be aware of impairments to such claims until “closing” meaning the delivery of the Trade Claim to such Client. This typically is not an issue in bankruptcy because creditors rarely are required to do anything in the first few weeks of a bankruptcy case, but could be significant if there were a pre-arranged plan or ancillary financing opportunity that required voting or were such Client to consider joining a committee.

**Uncovered Receivable.** Puts written by the Firm, on behalf of a Client, exposes such Client to potentially significant losses. The Client bears a risk of loss if a customer credit event occurs prior to the Expiration Date and the Purchaser exercises the Receivable Put option. If the Exercise Price of the Receivable Put, less the premiums collected by the Client, is less than the ultimate recovery on the Trade Claim, such losses could be substantial.

**Bankruptcy Claims.** The markets in U.S. bankruptcy claims are generally not regulated by U.S. federal securities laws or the SEC. To the extent debt investment is unsecured (i.e., has no collateral securing repayment), such claims may have a lower priority than secured claims (which have first recourse to the collateral securing such claim). In addition, the debt of an issuer in bankruptcy may be adversely affected by an erosion of the issuer’s business and overall value. Accordingly, there can be no guarantee that a debtor will be able to satisfy all of its liabilities or that the Client will be able to recover the entire amount of its bankruptcy claim.

**Derivative Instruments Generally.** Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk. Derivatives traded over-the-counter may not have an authoritative source of valuation and the models used to value such derivatives are subject to change. Special risks may apply in the future that cannot be determined at this time with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available.

**Call Options.** The seller (writer) of a call option which is covered (i.e., the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

**Put Options.** The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying

security plus the premium received, and gives up the opportunity for gain on the underlying security if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

**Index or Index Options.** The value of an index or index option fluctuates with changes in the market values of the securities included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular security, whether a Client will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the security market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular securities.

**Index Futures.** The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, shareholders may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of index futures contracts by a Client also is subject to the Firm's ability to correctly predict movements in the direction of the market.

**Swaps.** Whether the Firm's use of swap agreements or swaptions will be successful will depend on its ability to select appropriate transactions for a Client. Swap agreements and options on swap agreements ("**swaptions**") can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. Depending on their structure, swap agreements may increase or decrease the holder's exposure to, for example, equity securities, long-term or short-term interest rates, foreign currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. Swap transactions may be highly illiquid and may increase or decrease the volatility of a Client's portfolio. Moreover, a Client will bear the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. A Client will also bear the risk of loss related to swap agreements, for example, for breaches of such agreements or the failure of such Client to post or maintain required collateral. It is possible that developments in the swap markets, including potential government regulation, could adversely affect a Client's ability to terminate swap transactions or to realize amounts to be received under such transactions.

**Futures Contracts.** The value of futures contracts depends upon the price of the securities, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which a Client's positions trade or of its clearing houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal

to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Firm from promptly liquidating unfavorable positions and subject a Client to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the U.S. Commodity Futures Trading Commission (the “CFTC”) could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

**Forward Contracts.** Banking authorities generally do not regulate trading in forward contracts. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which the Firm would otherwise recommend, to the possible detriment of a Client. In its forward trading, a Client will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which such Client trades. Assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. The Firm may order trades for a Client in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject such Client to the risk of loss.

**Contracts for Differences.** Contracts for differences (“CFDs”) are privately negotiated contracts between two parties, buyer and seller, stipulating that the seller will pay to or receive from the buyer the difference between the nominal value of the underlying instrument at the opening of the contract and that instrument’s value at the end of the contract. The underlying instrument may be a single security, stock basket or index. A CFD can be set up to take either a short or long position on the underlying instrument. The buyer and seller are both required to post margin, which is adjusted daily. The buyer will also pay to the seller a financing rate on the notional amount of the capital employed by the seller less the margin deposit. A CFD is usually terminated at the buyer’s initiative. As is the case with owning any financial instrument, there is the risk of loss associated with buying a CFD. There may be liquidity risk if the underlying instrument is illiquid because the liquidity of a CFD is based on the liquidity of the underlying instrument. A further risk is that adverse movements in the underlying security will require the buyer to post additional margin. CFDs also carry counterparty risk, i.e., the risk that the counterparty to the CFD transaction may be unable or unwilling to make payments or to otherwise honor its financial obligations under the terms of the contract. If the counterparty were to do so, the value of the contract may be reduced. Entry into a CFD transaction may, in certain circumstances, require the payment of an initial margin and adverse market movements against the underlying stock may require the buyer to make additional margin payments. CFDs may be considered illiquid. To the extent that there is an imperfect correlation between the return on a Client’s obligation to its counterparty under the CFDs and the return on related assets in its portfolio, the CFD transaction may increase such Client’s financial risk.

**Credit Default Swaps.** The Firm may purchase and sell credit derivative contracts – primarily 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 Firm 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, a Client will 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.” While the credit default swap market auction protocols reduce this risk, it is still possible that an auction will not be organized or will be unsuccessful. In certain instances of issuer defaults or restructurings (for those credit default swaps for which restructuring is specified as a credit event), 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 has occurred. The creation of the new ISDA Credit Derivative Determination Committee (the “**Determination Committee**”) is intended to reduce this uncertainty and create uniformity across the market, although it is possible that the Determinations Committee will not be able to reach a resolution or do so on a timely basis. In either of these cases, a Client would not be able to realize the full value of the credit default swap upon a default by the reference entity.

As a seller of credit default swaps, a Client will incur leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity. However, a Client 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 a Client following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of such Client.

Credit default swaps generally trade on the basis of theoretical pricing and valuation models, which may not accurately value such swap positions when established or when subsequently traded or unwound under actual market conditions.

It appears that there are likely to be widespread defaults under certain credit default swaps as a result of the current credit market disruptions. The credit derivative market may become subject to increased regulation, which could increase costs or even prevent participation by a Client.

**Failure to Enter into Offsetting Trade.** To the extent the Firm invests in a futures contract or option long, unless an offsetting trade is made, a Client would be required to take physical delivery of the commodity underlying the future or option. To the extent the Firm fails to enter into such offsetting trade prior to the expiration of the contract, a Client may suffer a loss since neither such Client, nor the Firm has the operational capacity to accept physical delivery of commodities.

**Illiquid Investments.** The Firm may invest in illiquid securities or other instruments, including both listed and unlisted instruments. Additionally, investments may become illiquid due to market conditions. The success of these investments is typically dependent not only upon the performance of such companies, but also upon the Firm’s ability to engineer effective “exit strategies” in order to realize any enterprise value created or to force the companies to create liquidity opportunities. These investments may consume a substantial amount of the Firm’s time. The market prices, if any, for these securities tend to be volatile and may not be readily ascertainable, and the Firm, on behalf of a Client, may not be able to sell them when it desires

to do so or to realize what it perceives to be their fair value in the event of a sale. The Firm may be contractually prohibited from disposing of certain of these investments, on behalf of a Client, for a specified period of time. The sale of restricted and/or illiquid securities often requires more time and may result in higher brokerage charges than does the sale of more liquid securities. The limited liquidity of these investments may subject them to more extensive fluctuations in value and may impair the ability of a Client to exit such investments in times of adversity. Companies whose securities are not publicly-traded generally will not be subject to public disclosure and other investor protection requirements applicable to publicly-traded securities. Illiquid positions also may be difficult to value, and such valuation may require the exercise of substantial discretion by the Firm.

**Investments in Collateralized Loan Obligations.** The Firm may invest in collateralized loan obligations (“**CLO Investments**”) through purchases in the primary or the secondary market. The CLO Investments into which the Firm expects to invest are principally collateralized by senior secured assets. CLO Investments are subject to various risks including the following credit, liquidity, interest rate and other risks. Investment in CLOs involves significant leverage, which could result in a substantial loss to the investor in the CLO. The value of the CLO Investments owned by a Client generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CLO (“**CLO Collateral**”), market conditions, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Under certain circumstances, cash flows from CLO Collateral that otherwise would have been paid to the holders of its mezzanine CLO debt and the related CLO equity will be used to redeem the related CLO senior tranches. This could result in an elimination, deferral or reduction in the interest payments, principal repayments or other payments made to the holders of such CLO debt, which are the CLO Investments in which the Firm will invest, which could adversely impact the returns to a Client. An optional redemption by a CLO of its notes could require the collateral or portfolio manager of the related CLO to liquidate positions more rapidly than would otherwise be desirable, which could adversely affect the realized value of the items of CLO Collateral sold (and which in turn could adversely impact the holders of any related CLO equity securities, including a Client). The prices of the CLO Collateral are highly volatile. Price movements are influenced by, among other things: changing supply and demand relationships; trade, fiscal, monetary and exchange control programs and policies of governments; U.S. and foreign political events and policies; changes in national and/or international interest rates and rates of inflation; currency devaluations and revaluations, and market sentiments. None of these factors can be controlled by the Firm and no assurance can be given that the advice of the Firm will result in profitable investments for a Client.

**PIPE Transactions.** Private investments in public companies whose stocks are quoted on stock exchanges or which trade in the over-the-counter securities market, a type of investment commonly referred to as a “**PIPE**” transaction, may be entered into with smaller capitalization public companies, which will entail business and financial risks comparable to those of investments in the publicly-issued securities of smaller capitalization companies, which may be less likely to be able to weather business or cyclical downturns than larger companies and are more likely to be substantially hurt by the loss of a few key personnel. In addition, PIPE transactions will generally result in a Client acquiring either restricted stock or an instrument convertible into restricted stock. As with investments in other types of restricted securities, such an investment may be illiquid. The Client’s ability to dispose of securities acquired in PIPE transactions may depend on the registration of such securities for resale. Any number of factors may prevent or delay a proposed registration. Alternatively, it may be possible for securities acquired in a PIPE transaction to be resold in transactions exempt from registration in accordance with Rule 144 under the Securities Act, or otherwise under the U.S. federal securities laws. There can be no guarantee that there will be an active or liquid market for the stock of any small capitalization company due to the possible small



number of stockholders. As a result, even if a Client is able to have securities acquired in a PIPE transaction registered or sell such securities through an exempt transaction, the Client may not be able to sell all the securities on short notice, and the sale of the securities could lower the market price of the securities. There is no guarantee that an active trading market for the securities will exist at the time of disposition of the securities, and the lack of such a market could hurt the market value of the Client's investments.

**Preferred Stock.** Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory redemption provisions.

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

**Municipal Securities.** Various factors may adversely affect the value and yield of municipal securities. These factors include political or legislative changes and uncertainties related to the tax status of municipal securities or the rights of investors in these securities. To the extent that a Client invests heavily in a particular state's municipal securities, the Client will be more vulnerable to factors affecting that state. A Client's investments in revenue securities, where principal and interest payments are made from the revenue of a specific project or facility, and not general tax revenues, may have increased risks. Factors affecting the project or facility, such as local business or economic conditions, could have a significant impact on the project's ability to make payments of principal and interest on these securities.

**Hedging Transactions.** The Firm may utilize Receivable Puts, credit default swaps and other financial instruments for risk management purposes in order to: (i) protect against possible changes in the market value of a Client's investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect a Client's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any Investments; (iv) enhance or preserve returns, spreads or gains on any investment in a Client's portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of a Client's Investments; (vii) protect against any increase in the price of any investments a Client anticipates purchasing at a later date; or (viii) act for any other reason that the Firm deems appropriate. The Firm will not be required to hedge any particular risk in connection with a particular transaction or portfolio generally. The Firm may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While a Client may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Client than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

#### **Risks Related to Non-U.S. Investments and Non-U.S. Jurisdictions**

**Non-U.S. Exchanges.** The Firm may trade on exchanges or markets located outside the U.S. Trading on such exchanges or markets is not regulated by the SEC and the CFTC and may, therefore, be subject to more risks than trading on U.S. exchanges, such as the risks of exchange controls, expropriation, burdensome taxation, moratoria and political or diplomatic events. Risks in investments in non-U.S. securities, futures, commodities and other securities may also include reduced and less reliable information about issuers and markets, less stringent accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees.

**Non-U.S. Investments.** Investing in the securities of companies (and, from time to time, governments) outside of the United States involves certain considerations not usually associated with investing in securities of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, the Firm may be unable to structure its transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce a Client's rights in such markets. For example, securities traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to the Firm and a Client under such laws and regulations are unavailable for transactions on foreign exchanges and with foreign counterparties.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in a Fund or a Separately Managed Account or any other pooled vehicle or managed account that the Firm may form in the future. Prospective investors should read a Fund's confidential offering memorandum in its entirety, as well as the organizational documents of such Fund and consult with their own advisers before deciding whether to make an investment with the Firm in its Funds.

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**Item 9: Disciplinary Information**

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There are no legal or disciplinary events that are material to an Investor's or prospective investor's evaluation of our advisory business or the integrity of our management.

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

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Neither we nor our management persons are registered as broker-dealers, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

Olympus Peak meets the definition of a commodity pool operator ("CPO") and, depending on the amount of commodity interests that we trade, we may be required to register with the CFTC and become a member of the National Futures Association ("NFA"). However, we expect to be



exempt from registration with respect to each Client pursuant to CFTC Rule 4.13(a)(3) based on our trading in respect of each such Client a de minimis level of commodity interests.

We do not recommend or select other investment advisers for our Clients.

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

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

Olympus Peak has adopted a “**Code of Ethics**” that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees’ personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Clients ~~first~~;
- Employees must ensure that all investment transactions (including personal investment transactions) are conducted consistent with the Code of Ethics’ Employee Investment Policy (described below) and in such a manner as to avoid any actual or potential conflict of interest, or any abuse of an Employee’s position of trust and responsibility
- Employee should not take inappropriate advantage of their positions with Olympus Peak; and
- Confidential information concerning Olympus Peak and the Clients must be kept confidential.

##### ***Personal Securities Trading***

The Code of Ethics places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions on a periodic basis, and are only permitted to make permitted investments. Permitted investments include (i) transactions and holdings in direct obligations of the U.S. government, (ii) money market instruments defined as bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, (iii) shares issued by money market funds, (iv) shares issued by open-end funds (mutual funds); provided that such funds are not advised by us or an affiliate and such fund’s advisor or principle underwriter is not controlled or under common with Olympus Peak, (v) exchange traded funds, exchange traded notes and municipal bonds; (vi) units of a unit investment trust; if the unit investment trust is invested exclusively in one or more open-end funds, provided that such funds are not advised by us or an affiliate and such fund’s advisor or principle underwriter is not controlled or under common control with us; and (vii) any cryptocurrency or digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value (e.g., digital coins or tokens) (collectively “Permitted Investments”).

Other than Permitted Investments that are not otherwise restricted, generally employees are not permitted to purchase, on their own behalf, individual securities. Certain employees of the Firm may currently hold individual securities. Any such employees are required to obtain pre-approval from us prior to disposing of any such individual securities. Under the Code of Ethics, employees are permitted to make personal investments in limited offerings

subject to pre-approval from us.

The Firm, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for a Client. These activities may adversely affect the prices and availability of other securities held by or potentially considered for purchase by a Client.

We will provide a copy of our Code of Ethics to our Investors, or any prospective Investor, upon request.

### **Investments by Senior Management and Key Employees**

Subject to applicable regulatory restrictions, senior management and key employees of Olympus Peak may choose to personally invest, directly and/or indirectly, in a Client. Such investors may be in possession of information, relating to the Client and the portfolio that is not available to other Investors and prospective Investors. Investments by senior management and key employees of the Firm in a Client could incentivize senior management and key employees of the Firm to increase or decrease the risk profile of such Client.

### **Participation or Interest in Client Transactions Cross Trades and Principal Transactions**

The Firm may determine that it would be in the best interests of the Clients to transfer a security from one client account (each, an "Account") to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Accounts, or to reduce transaction costs that may arise in an open market transaction. If the Firm decides to engage in a Cross Trade, the Firm will determine that the trade is in the best interests of both of the client Accounts involved in it and take steps to ensure that the transaction is consistent with the Firm's duty to seek best execution for each of those Accounts.

The Firm generally intends to execute Cross Trades, if at all, with the assistance of a broker-dealer that executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a cross transaction between two fund clients may occur as an "internal cross," where the Firm instructs the custodian for the Accounts to book the transaction at the price determined in accordance with the Valuation Policy (as defined below). If the Firm effects an internal cross, the Firm will not receive any fee in connection with the completion of the transaction. The Firm must seek consent from certain Clients before executing a Cross Trade.

### ***Principal Transactions***

To the extent that Cross Trades may be viewed as principal transactions (as such term is used under the Investment Advisers Act of 1940, as amended (the "**Advisers Act**")) due to the ownership interest in a Client by the Firm or its personnel, the Firm will comply with the requirements of Section 206(3) of the Advisers Act.

### ***Conflicts of Interest Created by Contemporaneous Trading***

Olympus Peak will allocate investment opportunities to the Clients fairly, to the extent practical and in accordance with our investment allocation policy, as amended and restated from time to time, which takes into account the Client's applicable investment strategies, over a period of time. Investment opportunities will generally be allocated among those Clients for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: (a) whether the risk-return profile of the proposed investment is consistent with the objectives of a Client, which objectives may be considered (i) solely in light of the specific investment under consideration or (ii) in the context of the

portfolio's overall holdings and available capital; (b) the potential for the proposed investment to create an imbalance in the portfolio of the a Client; (c) liquidity requirements of a Client; (d) potential tax consequences; (e) legal or regulatory restrictions; (f) the need to re-size risk in the portfolio of a Client; (g) whether a Client has a substantial amount of investable cash (e.g., during a "ramp-up" period); (h) leverage capacity; (i) hedging strategies; (j) desire to avoid odd lots or potential de minimis allocations or immaterial amount; (k) position limits or other investment restrictions applicable to a Client; (l) market conditions; (m) guidelines; and (n) the ability to borrow and the cost of borrowed funds.

The Firm could be subject to a conflict of interest because varying compensation arrangements among the Clients could incentivize the Firm to manage the Clients differently. These and other differences could make certain Clients less profitable to the Firm than certain other Clients.

The use of a "master-feeder" structure presents certain conflicts of interest. For example, different tax considerations applicable to the Fund and other Feeder Funds that invest (directly or indirectly) in the Master Funds may result in a Master Fund structuring or disposing of an investment in a manner or at a time that is more advantageous (or disadvantageous) for tax purposes to one Feeder Fund or its investors. In selecting and structuring investments appropriate for the Fund, the Firm will consider the investment and tax objectives of the Feeder Funds, the Master Funds and their direct and indirect beneficial owners as a whole, not the investment, tax or other objectives of any investor or other beneficial owner individually.

#### **Item 12: Brokerage Practices**

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Olympus Peak is authorized to determine the broker-dealer to be used for executing securities transactions for the Clients. In selecting broker-dealers to execute transactions, we do not need to solicit competitive bids and do not have an obligation to seek the most favorable pricing. The Funds' securities and other assets are held in securities accounts at our prime brokers that are "Qualified Custodians" (as defined in the Advisers Act) or, for certain privately offered securities or assets, in accordance with the Custody Rule under the Advisers Act.

#### ***Best Execution***

In selecting an appropriate broker-dealer (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, we seek to obtain "**Best Execution**," meaning we will execute transactions in a manner most favorable and beneficial to our Clients under the circumstances. Olympus Peak considers many factors in determining whether it obtains Best Execution, only one of which is actual commission rate or price paid or received. Best execution is qualitative, and not quantitative, and Olympus Peak will weigh a combination of criteria to determine whether the transaction in question represents the best "qualitative" execution for the Client. Those factors include but are not limited to execution and research quality; competitiveness on pricing, the ability of the brokers and dealers to effect the transaction; the brokers' or dealers' financial stability, reputation, and reliability; the availability of securities to borrow for short sales and the provision by the brokers of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations and equipment and commitment of capital. Accordingly, the commission rates (or markups or markdowns) paid by the Funds in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such services. Generally, neither Olympus Peak nor any Client separately compensates any broker or dealer for any of these other services. Olympus Peak's "**Best Execution Policy**" requires that all trades are executed through approved broker-

dealers and that the Firm reviews the performance of its broker-dealers to evaluate whether the Firm is obtaining Best Execution for its Clients' trades.

Olympus Peak maintains policies and procedures to review the quality of executions, including periodic reviews by its trading and investment professionals.

### ***Soft Dollars***

From time to time, the Firm may pay a broker-dealer commissions (or markups or markdowns) for effecting Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Firm will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and subject to prevailing guidance provided by the SEC regarding Section 28(e). The Firm believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by the Fund may be used by the Firm to service one or more Accounts, including Accounts that may not have paid for the soft dollar benefits. The Firm will generally seek to allocate soft dollar benefits to Accounts in proportion to the soft dollar credits the Accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Firm (i.e., a "mixed use" item), the Firm will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Firm's allocation of the costs of such benefits and services between those that primarily benefit the Firm and those that primarily benefit the Accounts.

When the Firm uses brokerage commissions (or markups or markdowns) generated by any Accounts to obtain research or other products or services, the Firm receives a benefit because it does not have to produce or pay for such products or services. While the Firm is obligated to seek best execution for each Account, the fact that the Firm can obtain or receive such products or services may create an incentive for it to select or recommend a particular broker-dealer based on the Firm's interests, to the exclusion of another broker-dealer that offers business terms that are also favorable to one or more Accounts.

At least annually, the Firm considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Accounts on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will the Firm make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Research products and services provided by brokers through which client transactions are executed, settled and cleared may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, access to management and other products and services providing lawful and appropriate assistance to the Firm in the performance of its investment decision-making responsibilities.

**Order Aggregation**

If we determine that the purchase or sale of a security is appropriate with regard to more than one Client, we may but are not obligated to, purchase or sell such a security on behalf of such accounts with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating account will receive the average price, with transaction costs generally allocated *pro rata* based on the size of each account's participation in the order (or allocation in the event of a partial fill) as determined by Olympus Peak. In the event of a partial fill, allocations may be modified on a basis that Olympus Peak deems to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by the Firm. As a result, certain trades in the same security for one account (including an account in which the Firm and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another account, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

**Trade Error Policy**

A Client may on occasion experience a trade error. Trade errors may include, for example, (i) the placement of orders (either purchases or sales) in excess of, or less than, the amount of securities the Client intended to trade; (ii) the sale of a security when it should have been purchased; (iii) the purchase of a security when it should have been sold; (iv) the purchase or sale of the wrong security; (v) the purchase or sale of a security contrary to regulatory restrictions or Client investment guidelines or restrictions; (vi) incorrect allocations of securities; (vii) keystroke errors that occur when entering trades into an electronic trading system and (viii) typographical or drafting errors related to derivatives contracts or similar agreements. Trades implemented as a result of faulty data, systems, coding, modeling or analysis, trades that are properly executed but result in losses, errors committed by other persons (including brokers and custodians), or that are otherwise caused by human error other than those specifically described above, are not considered Trade Errors. The loss of an investment opportunity is not considered a Trade Error.

Such errors may result in losses or gains. It is the Firm's policy to endeavor to detect such errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a counterparty, such as a broker-dealer, the Firm generally will seek to recover any losses associated with such error from the counterparty. Pursuant to the exculpation and indemnification provided by the Clients to the Firm and its affiliates and personnel, the Firm and its affiliates and personnel will generally not be liable to a Client for any act or omission, absent bad faith, gross negligence, willful misconduct or actual fraud of such person and the Client will generally be required to indemnify such persons against any losses they may incur by reason of any act or omission related to the Client, absent bad faith, gross negligence, willful misconduct or actual fraud of such person. As a result of these provisions, the Clients (and not the Firm) will benefit from any gains resulting from Trade Errors and other errors and will be responsible for any losses (including additional trading costs) resulting from Trade Errors and other errors, absent bad faith, gross negligence, willful misconduct or actual fraud of the relevant person. A Client should assume that Trade Errors and other errors will occur and that, to the extent permitted by applicable law and under the Fund Documents or Investment Management Agreement, the Client will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of the Firm's personnel.

**Item 13: Review of Accounts**

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Our Chief Investment Officer and investment professionals continuously monitor and analyze the transactions, positions, and investment levels of the Clients to ensure that they conform with the investment objectives and guidelines that are stated in the Clients' respective offering documents. In these reviews, we pay particular attention to any changes in the investment's fundamentals, overall risk management and changes in the markets that may affect price levels.

We will distribute annual audited financial statements with respect to the previous fiscal year to all Investors within 120 days of the relevant Fund's fiscal year end. We may also distribute other interim reports to Investors.

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

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We do not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither we nor any of our related persons, directly or indirectly, compensate any person who is not a supervised person for client referrals.

**Item 15: Custody**

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We will be deemed to have custody of certain Clients' funds and securities because we have the authority to obtain funds or securities on behalf of our Clients, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Account statements related to the Clients are sent by qualified custodians to Olympus Peak.

We comply with Advisers Act's Custody Rule by meeting the conditions of the pooled vehicle annual audit exemption. Upon completion of the relevant Fund's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we distribute the Fund's audited financials to Investors within 120 days of the Fund's fiscal year end.

We do not have custody of the funds and securities we manage for the Separately Managed Account.

**Item 16: Investment Discretion**

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We have full discretionary authority over the accounts of our Clients including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities.

**Item 17: Voting Client Securities**

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In compliance with the Advisers Act's Proxy Voting Rule, we have adopted proxy voting policies and procedures. The Firm will comply with the Proxy Voting Rule and will act solely in the best interests its Clients when exercising its proxy voting authority. The Firm determines whether and how to vote proxies on a case-by-case basis, and will:

- Attempt to consider all aspects of the vote that could affect the value of the issuer or that of the Client.
- Vote in a manner that it believes is consistent with the Client's stated objectives.
- Generally, vote in accordance with the recommendation of the issuing company's management on routine and administrative matters, unless the Firm has a particular

reason to vote to the contrary.

In limited circumstances, we will refrain from voting Proxies where we believe that doing so would be in the best interests of our clients, taking into consideration the cost of voting the Proxies and the anticipated benefit to our clients.

Generally, Clients and Investors may not direct our vote in a particular solicitation. Clients or Investors may obtain a copy of our Proxy voting policies and procedures by contacting Laura Temes at [ir@opeaklp.com](mailto:ir@opeaklp.com), or 212-373-1193. Investors may obtain any of our Proxy voting records upon request.

#### **Item 18: Financial Information**

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We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to Clients and have not been the subject of a bankruptcy petition at any time during the past ten years.