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This Brochure provides information about the qualifications and business practices of Radcliffe Capital Management, L.P. (“Radcliffe”). If you have any questions about the contents of this Brochure, please contact us at the phone number above, or by email at [IR@radcliffefunds.com](mailto:IR@radcliffefunds.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Radcliffe Capital Management, L.P. is a registered investment adviser. Registration of an investment adviser with the SEC does not imply any level of skill or training.

Additional information about Radcliffe Capital Management, L.P. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## **Item 2 – Material Changes**

Since the last update to this Brochure dated March 31, 2015, Radcliffe has made material updates to Items 4, 5 and 10 of this Brochure to include information about the Radcliffe Unlevered Ultra Short Duration Fund, L.P., its newest fund.

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#### **Item 4 – Advisory Business**

Radcliffe Capital Management, L.P. (“Radcliffe”) was founded in 2002 as RG Capital Management, L.P. Radcliffe changed its name in June 2007. The principal owners of Radcliffe are Steven B. Katznelson, Chief Investment Officer and Christopher L. Hinkel, Director of Research.

Radcliffe provides investment advisory services on a discretionary basis to pooled investment vehicles (i.e., “funds”) and to separately managed accounts (the “Accounts”) each offered to institutions and other sophisticated persons who meet the definition of “qualified purchaser” under Section 3(c)(7) of the Investment Company Act of 1940, as amended. Radcliffe utilizes an Ultra Short Duration Strategy, a Credit Opportunity Strategy and a Specialty Finance Debt Strategy on behalf of its clients. The Ultra Short Duration Strategy and the Specialty Finance Debt Strategy are each offered through funds and Accounts, while the Credit Opportunity Strategy is offered only through Accounts.

The funds managed by Radcliffe in the Ultra Short Duration Strategy include the Radcliffe Ultra Short Duration Master Fund, L.P., a Cayman Islands exempted limited partnership (the “USD Master Fund”). The USD Master Fund has two “feeder funds” which invest substantially all of their assets in the USD Master Fund: Radcliffe Domestic Ultra Short Duration Fund, L.P., a Delaware limited partnership (the “USD Domestic Feeder”), and Radcliffe International Ultra Short Duration Fund, Ltd., a Cayman Islands limited liability corporation (the “USD International Feeder”). The USD Master Fund and its feeder funds are collectively referred to herein as the “USD Funds.” Radcliffe also manages the Radcliffe Unlevered Ultra Short Duration Fund, L.P., a Delaware limited partnership (“Unlevered Fund”), which is managed in the Ultra Short Duration Strategy and does not use leverage.

The fund managed by Radcliffe in the Specialty Finance Debt Strategy is the Radcliffe BDC Master Fund, L.P., a Cayman Islands exempted limited partnership (the “BDC Master Fund”). The BDC Master Fund has two “feeder funds” which invest substantially all of their assets in the BDC Master Fund: Radcliffe Domestic BDC Fund, L.P., a Delaware limited partnership (the “BDC Domestic Feeder”), and Radcliffe International BDC Fund, Ltd., a Cayman Islands limited liability corporation (the “BDC International Feeder”). The BDC Master Fund and its feeder funds are collectively referred to herein as the “BDC Funds.”

The USD Funds, the Unlevered Fund and the BDC Funds are collectively referred to herein as the “Funds.”

Radcliffe provides advice to the Funds and Accounts based on specific investment objectives and strategies set forth in the governing documents for the Funds and the investment management agreements for the Accounts. Under certain circumstances, Radcliffe may agree to tailor the advisory services to the needs of a client. Currently, Account clients may negotiate whether to and the extent to which leverage is to be used, whether to use derivatives

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or other instruments to hedge, and other types of issuer or portfolio limitations, e.g. concentration limits.

As of December 31, 2015, Radcliffe managed \$2,284,620,965 in regulatory assets under management on a discretionary basis. Radcliffe does not manage any assets on a non-discretionary basis at this time.

## **Item 5 – Fees and Compensation**

As a general matter, Radcliffe is paid an annual asset-based fee (the “Fixed Fee”) from each of its clients in connection with its investment advisory services. It may also receive performance-based compensation (the “Performance Fee”) from certain clients. Generally, the Fixed Fee is 1% for the Funds and Account clients, however, fee terms, including the amount of the Fixed Fee, may vary as described in further detail below.

In the case of the USD Funds, Radcliffe generally receives a Fixed Fee equal to a certain percentage per annum of the gross asset value of the USD Funds. The Fixed Fee is paid monthly in advance at the USD feeder fund level, based on the gross asset value of the USD Funds as of the first business day of each month. Since January 1, 2014, Radcliffe has voluntarily waived fees on the leveraged component of the portfolio. Radcliffe may end this waiver at any time. Radcliffe currently does not receive any performance-based compensation with respect to the USD Funds.

In the case of the Unlevered Fund, Radcliffe generally receives a Fixed Fee equal to a certain percentage per annum of the value of the Unlevered Fund. The Fixed Fee is paid monthly in advance, based on the value of the Unlevered Fund as of the first business day of the month. Radcliffe currently does not receive any performance-based compensation with respect to the Unlevered Fund.

In the case of the BDC Funds, Radcliffe generally receives a Fixed Fee equal to a certain percentage per annum of the value of the BDC Funds as of the first day of each month. The Fixed Fee is paid monthly in advance at the BDC Master Fund level, based on the value of the BDC Funds as of the first business day of the month. The BDC Fund’s general partner receives 15% of the net profits, if any, in excess of a non-cumulative, annualized 5% hurdle rate, subject to a “loss carry forward” provision (the “Incentive Allocation”). The Incentive Allocation is considered performance based compensation and is payable at the end of each year and upon withdrawals.

Radcliffe or the Fund’s board of directors, as applicable, may waive or reduce the Fixed Fee or the Incentive Allocation in certain situations and with regard to investors in the Funds who are members, principals, employees or affiliates of Radcliffe or its affiliates, relatives of such persons, and for certain other investors.

The third-party administrator for the Funds calculates the fees and remits payment of the Fixed Fees to Radcliffe and the Incentive Allocation to the BDC Fund’s general partner.

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Radcliffe issues an invoice to each Account client for its investment advisory fees. The fee terms applicable to Accounts, including the amount, timing and method of calculation and payment of Fixed Fees and Performance Fees, rights of termination and other provisions, are subject to negotiation and are governed by the terms of the investment management agreement relating to each such Account. In negotiating the terms of each such Account, Radcliffe will consider a number of factors, including the investment strategy to be pursued for such Account, whether leverage will be employed for such Account, whether the strategy to be pursued will be “long only” or hedged, the size of the Account and other factors in the sole discretion of Radcliffe. Any Performance Fees paid to Radcliffe with respect to an Account are charged in a manner consistent with the provisions of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and Rule 205-3 thereunder.

To the extent that fees are negotiable, some Accounts or investors in a Fund may pay more or less than other Accounts or investors for the same management services, depending, for example, on account inception date, number of related investment accounts or total client assets under management by Radcliffe. Unless specifically stated otherwise in the investment management agreement between Radcliffe and a client, to the extent that Radcliffe has received fees in advance and the investment agreement with the client is terminated, Radcliffe will issue a refund for any unearned fees based on the termination date.

In addition to Fixed Fees and any applicable Performance Fees, clients will also be responsible for additional expenses which may include administration fees (if applicable), auditing (if applicable, including custody audit), and investment expenses such as commissions, transaction costs, interest on margin accounts and other indebtedness, custodial fees, bank service fees, wire transfer charges, and other taxes or fees on accounts or securities transactions. In addition, with respect to investor assets invested in a master-feeder structure, each feeder fund bears a pro rata share of the expenses associated with its master fund. The expenses charged to Fund investors are fully disclosed in the Confidential Offering Memorandum provided to investors.

Item 12 further describes the factors that Radcliffe considers in selecting broker-dealers for client transactions and determining the reasonableness of their compensation.

Investors in the USD Fund and BDC Fund may withdraw or redeem, as applicable, on the last business day of each month by providing at least 40 days written notice and investors in the Unlevered Fund may withdraw on the last business day of each month by providing at least 30 days written notice. Each Fund’s general partner or board of directors, as applicable, may waive or modify any terms related to withdrawals or redemptions.

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

As discussed in Item 5 above, Radcliffe has entered into Performance Fee arrangements with the BDC Funds and certain Account clients. Radcliffe will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

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Performance based fee arrangements may create an incentive for Radcliffe to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. Radcliffe has taken steps intended to ensure that all clients are treated fairly and equally, and to help prevent this conflict from influencing the allocation of investment opportunities among clients. Radcliffe has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple accounts, including accounts with multiple fee arrangements, and the allocation of investment opportunities. Radcliffe reviews investment decisions for the purpose of ensuring that all accounts with substantially similar investment objectives are treated equitably. The performance of similarly managed accounts is also regularly compared to determine whether there are any unexplained significant discrepancies. In addition, Radcliffe's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities in accordance with the procedures described in Item 12 herein. Radcliffe may aggregate orders, in which event clients will receive an average price. These areas are monitored by Radcliffe's Chief Compliance Officer.

## **Item 7 – Types of Clients**

Radcliffe provides portfolio management services to funds and to institutions and other sophisticated persons on a separate account basis, such as corporations, universities, government pension plans, and other U.S. and international institutions.

For any client that is a Fund, initial and additional subscription minimums are disclosed in the offering documents for such Fund.

Radcliffe ordinarily requires that an Account invests a minimum of \$25,000,000.

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

### **The Ultra Short Duration Strategy**

In Radcliffe's Ultra Short Duration Strategy, Radcliffe seeks to invest in short-term corporate debt securities (those securities typically with less than 3 years to maturity or call). Radcliffe seeks to achieve the investment objective of this strategy by using fundamental analysis and proprietary systems to identify and purchase short-term corporate debt securities at prices that it believes are mispriced in relation to their expected risk of default. Radcliffe seeks to build a diversified portfolio consisting primarily of corporate debt securities, including convertible and non-convertible bonds issued by U.S. and non-U.S. companies which Radcliffe believes offer attractive risk-adjusted returns. The Funds and certain Accounts which are managed under the Ultra Short Duration Strategy may also hold equity securities to the extent they are received in exchange for convertible debt securities. Radcliffe utilizes leverage in connection with the

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Ultra Short Duration Strategy by purchasing securities on margin for the USD Fund and certain Accounts.

### Material Risks Associated With the Ultra Short Duration Strategy

Radcliffe has summarized below the material risks that would *generally* be applicable to investment in this strategy either through the Funds or in an Account. Fund investors receive disclosure documents, including a Confidential Offering Memorandum, which include a detailed description of the risks of that investment. That document includes more detailed information than is in this Brochure. The risks described below reflect the material risks associated with the Ultra Short Duration Strategy as it is employed currently by Radcliffe.

#### Credit Risk

The Ultra-Short Duration Strategy seeks to capture short-term mispriced credit by purchasing primarily convertible and non-convertible bonds which are high-yield or unrated, although it may also purchase convertible and non-convertible investment grade bonds. Accordingly, there will always be some and sometimes significant amounts of credit risk to the bonds purchased pursuant to this strategy, including the risk that a party will default on the interest or principal payments of a financial instrument. Lower-rated or unrated bonds generally have been deemed by a credit rating agency to have increased risks of default and investments in such bonds may be subject to significant volatility. There are no assurances that Radcliffe's judgment regarding the credit quality of a particular bond will be more accurate than the credit rating agencies' determination.

Credit risk may be affected by general economic, political and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. Issuer, political or economic developments may affect a single issuer, issuers within an industry, sector or geographic region, or the market as a whole.

The Ultra-Short Duration Strategy may invest in debt securities that are not protected by financial covenants or limitations on additional indebtedness. In addition, credit spreads implied by the market can be volatile, making it difficult to accurately calculate discounting spreads for purposes of valuing financial instruments. Lower-rated securities may be more susceptible to losses and real or perceived adverse economic and competitive industry conditions than higher-grade securities. Because investors generally perceive that there are greater risks associated with lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities.

#### Liquidity Risk

The secondary markets on which lower-rated securities are traded may be less liquid than the market for higher-grade securities, which can adversely affect the prices at which these securities can be sold. Less liquidity in the secondary trading markets could therefore adversely affect and cause fluctuations in value. Adverse publicity and investor perceptions,



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whether or not based on fundamental analysis, may decrease the values and liquidity of lower-rated securities, especially in a thinly traded market.

### Leverage Risk

Where applicable, the use of leverage (i.e., margin) presents additional levels of risk including (i) greater losses from investments than if securities were not purchased using margin; (ii) margin calls or interim margin requirements may force premature liquidations of investment positions; and (iii) losses on investments where the investment fails to earn a return that equals or exceeds the cost of borrowing the funds used to purchase the investment.

### Diversification Risk

Generally, the Ultra Short Duration Strategy will not be diversified among geographic areas or types of securities. While Radcliffe will generally seek to diversify investments across issuer size, industry and duration, this may not always be possible. Accordingly, the securities in the Ultra Short Duration Strategy may be subject to more rapid change in value than would be the case if Radcliffe were required to maintain a wide diversification among these categories.

### Foreign Investment Risk

The Ultra Short Duration Strategy may invest in some non-U.S. securities. Investing in securities of non-U.S. governments and companies which may be denominated in non-U.S. currencies involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of United States issuers. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of non-U.S. taxes, less liquid markets and less available information than are generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

## **The Credit Opportunity Strategy**

With respect to Radcliffe's Credit Opportunity Strategy, Radcliffe seeks to build a diversified portfolio consisting primarily of corporate debt securities, including convertible and non-convertible bonds issued by U.S. companies. Non-U.S. issuers may also be included. Radcliffe implements this strategy by utilizing fundamental analysis and proprietary systems to identify, purchase and sell corporate debt securities at levels that it believes are mispriced in relation to the expected risk of default. A client interested in this strategy may negotiate whether Radcliffe may invest in any other instruments, including bank loans, options or other derivatives as part of its effort to meet the investment objective. Account clients may also negotiate whether to use leverage and the extent to which leverage is used, whether shorting is appropriate and any other portfolio restrictions (e.g., issuer concentration, issuer exclusion).

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### Material Risks Associated With the Credit Opportunity Strategy

The material risks associated with this strategy are substantially identical to the risks inherent in the Ultra Short Duration Strategy, inasmuch as the Credit Opportunity Strategy uses fixed income and convertible bonds which are low-rated or which have no ratings, may use leverage (depending on the terms of the investment management agreement governing a particular Account), and may purchase foreign securities. Accordingly, please review the Credit Risk, Liquidity Risk, Leverage Risk, Diversification Risk and Foreign Investment Risk descriptions above and any references to the Ultra Short Duration Strategy can be replaced in such instances with a reference to the Credit Opportunity Strategy.

### **The Specialty Finance Debt Strategy**

With respect to Radcliffe's Specialty Finance Debt Strategy, Radcliffe utilizes fundamental analysis to actively identify and trade in a subset of investment grade bonds at levels that it believes are mispriced in relation to their duration and expected risk of principal loss. Radcliffe may trade other types of securities or instruments where Radcliffe believes there is mispricing that can be captured in the short to medium term. Radcliffe may also short securities and hedge the portfolio with the objective of increasing expected returns or reducing risk. Radcliffe utilizes leverage in connection with the Specialty Finance Debt Strategy by purchasing securities on margin for the BDC Funds. Account clients may negotiate whether to use leverage, and the extent to which leverage is used, whether shorting is appropriate and any other portfolio restrictions. (e.g. issuer concentration, issuer exclusion).

### Material Risks Associated With the Specialty Finance Debt Strategy

The material risks associated with this strategy are similar to the risks inherent in the Ultra Short Duration and Credit Opportunity Strategies, in that this strategy also uses fixed income and convertible bonds, may use leverage (depending on the terms of the investment management agreement governing a particular Account), and may purchase foreign securities. Accordingly, please review the Liquidity Risk, Leverage Risk and Foreign Investment Risk descriptions above and any references to the Ultra Short Duration Strategy can be replaced in such instances with a reference to the Specialty Finance Debt Strategy. Radcliffe has summarized below additional material risks that would generally be applicable to investment in this strategy either through the BDC Funds or in an Account. BDC Fund investors receive disclosure documents, including a Confidential Offering Memorandum, which include a detailed description of the risks of that investment. That document includes more detailed information than is in this Brochure. The risks described below reflect the additional material risks associated with the Specialty Finance Debt Strategy as it is employed currently by Radcliffe.

#### Credit Risk

The strategy includes purchasing investment grade and non-investment grade convertible and non-convertible bonds. Accordingly, there will always be some and sometimes significant

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amounts of credit risk in the portfolio. See the Credit Risk section above for more information about this type of risk.

### Concentrated Portfolio

The strategy may have a highly concentrated portfolio. Accordingly, the strategy's portfolio may not be diversified among a wide range of issuers, industries, geographic areas, capitalizations or types of securities and may have relatively significant concentrated positions. Please see the Diversification Risk section above for information about this type of risk.

### Equity Related Instruments and Equity Securities in General

The strategy may utilize equity securities. Investments in equity securities may include a broad variety of issuers and instruments. There are no overall requirements with respect to earnings, revenues, market capitalization or other criteria to limit Radcliffe's particular types of equity investments. Accordingly, equity investments may include many securities that are speculative or are of higher risk than those of the most mature or prominent companies. Certain options and other equity-related instruments may be subject to various types of risks, including, but not limited to, market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

### Derivatives

The strategy may utilize both exchange-traded and over-the-counter derivatives, including, but not limited to, futures, forwards, swaps, options and contracts for differences, as part of its investment strategy. These instruments can be highly volatile and expose investors to a high risk of loss. Transactions in over-the-counter contracts may involve additional risk, as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk. Contractual asymmetries and inefficiencies can also increase risk, such as break clauses, whereby a counterparty can terminate a transaction on the basis of certain reduction in net asset value, incorrect collateral calls or delays in collateral recovery.

### Business Development Companies

Business Development Companies are organized as closed-end investment companies for the purpose of investing in and lending to small- and medium- sized companies. These entities are subject to certain requirements of the Investment Company Act of 1940, as amended, which, among other things, requires them to maintain a prescribed amount of asset coverage. There is no guarantee that the laws and regulations governing entities will not change in the future.

### Short Sales

Short selling, or the sale of securities not owned by the portfolio, expose the portfolio to the risk of loss in an amount greater than the initial investment, and such losses can increase

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rapidly and without effective limit. There is the risk that the securities borrowed in connection with a short sale would need to be returned to the securities lender on short notice. If such request for return of securities occurs at a time when other short sellers of the subject security are receiving similar requests, as a “short squeeze” can occur, wherein the portfolio might be compelled, at the most disadvantageous time, to replace borrowed securities previously sold short with purchases on the open market, possibly at prices significantly in excess of the proceeds received earlier.

#### General Risks Applicable to All Strategies

Each of the Ultra Short Duration Strategy, Credit Opportunity Strategy and Specialty Finance Debt Strategy is a single investment strategy and should not be viewed as a comprehensive investment plan. There can be no assurances that any strategy will be profitable in either up or down markets. Various market conditions may be materially less favorable to certain strategies than others. Mispricings, even if correctly identified, may not be corrected by the market, at least within a time frame over which it is feasible to maintain a position. Investing in securities involves risk of loss that clients should be prepared to bear.

#### **Item 9 – Disciplinary Information**

This item requires disclosure of all material facts regarding any legal or disciplinary events that would be material to your evaluation of Radcliffe or the integrity of Radcliffe's management. Radcliffe has no information to report which is applicable to this Item.

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

The general partner of the USD Master Fund and USD Domestic Feeder is Radcliffe Capital Investors, LLC. The general partner of the BDC Master Fund and BDC Domestic Feeder is Radcliffe Capital Investors II, LLC. The general partner of the Unlevered Fund is Radcliffe Capital Investors III, LLC. Each general partner entity listed above is owned by Mr. Katznelson and Mr. Hinkel. Additionally, Mr. Katznelson is a director of the USD International Feeder and the BDC International Feeder together with two independent directors.

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

##### Code of Ethics

Radcliffe recognizes and believes that (i) high ethical standards are essential for its success and to maintain the confidence of its clients; (ii) its long-term business interests are best served by adherence to the principle that the interests of clients come first; and (iii) it has a fiduciary duty to its clients to act for their benefit. All personnel of Radcliffe must put the interests of Radcliffe clients before their own personal interests and must act honestly and fairly in all

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respects in dealings with clients. All personnel of Radcliffe must also comply with all federal securities laws. Radcliffe has adopted a Code of Ethics (the “Code”) governing personal trading by its personnel. Among other requirements, the Code of Ethics requires personnel who have access to client portfolio information or Radcliffe's non-public securities recommendations to pre-clear their personal securities transactions with Radcliffe's Chief Compliance Officer. As a general matter, personnel are prohibited from trading in securities if the same security is being considered for purchase or sale in a client portfolio. Certain classes of securities and options on such securities (e.g., open-end mutual funds, ETFs and other publicly traded pooled investment vehicles and futures on commodities, currencies and indexes) are exempt from the pre-clearance requirements of the Code based on Radcliffe's determination that these types of transactions have no practical effect on the best interests of Radcliffe's clients. In addition, personnel are required to report their personal securities transactions and holdings to the Chief Compliance Officer, and the Chief Compliance Officer is required to review such reports.

The Code also contains Radcliffe's prohibitions against trading on the basis of material nonpublic information, and details how Radcliffe uses restricted lists to prevent either itself or its personnel from trading on such information.

In certain circumstances Radcliffe may buy and sell the same securities that it buys and sells for clients. This practice presents a potential conflict of interest whereby Radcliffe may benefit at the expense of the clients. Radcliffe has adopted policies and procedures to manage this potential conflict by requiring that such trades will generally be included as part of aggregated trades with client accounts and allocated across all accounts in the manner described in Item 12 of this Brochure.

Clients or prospective clients may obtain a copy of Radcliffe's Code of Ethics by contacting Radcliffe's Chief Compliance Officer at 610-617-5900.

## **Item 12 – Brokerage Practices**

### **Soft Dollars**

Radcliffe is authorized to determine the broker or dealer to be used for each securities transaction for each client. In selecting brokers or dealers to execute transactions, Radcliffe need not solicit competitive bids and does not have an obligation to seek the lowest available commission, mark-up or other cost (collectively “Commissions”). It is not Radcliffe's practice to negotiate “execution only” Commission rates, thus clients may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the Commission rate.

Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended, is a “safe harbor” that permits an investment manager to use Commissions or “soft dollars” to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Currently, Radcliffe does not have a practice of utilizing “soft dollars” except

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to the extent that it may be deemed to do so by virtue of not negotiating “execution-only” Commission rates. Should it determine that use of “soft dollars,” other than that as described in the foregoing sentence, is appropriate for its clients, Radcliffe would utilize them consistent with the policy described below.

Except for services that would be an expense chargeable to the applicable client or as otherwise described below, Radcliffe will limit the use of “soft dollars” to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants’ advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services. Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations. The use of Commissions arising from clients’ investment transactions for services other than research and brokerage will be limited to services that would otherwise be an expense chargeable to the applicable client. The use of Commissions to obtain such other services would be outside the parameters of Section 28(e).

In some instances, Radcliffe may receive a product or service that may be used only partially for functions within Section 28(e) (e.g., an order management system, trade analytical software or proxy services). In such instances, Radcliffe will make a good faith effort to determine the relative proportion of the product or service used to assist Radcliffe in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting Radcliffe in carrying out its investment decision-making responsibilities will be paid through brokerage Commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by Radcliffe from its own resources.

While Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a “safe harbor” that permits an adviser to use Commissions to obtain research and brokerage services as described above, Radcliffe intends to use not only commissions but also mark-ups or other compensation paid to brokers in connection with the applicable client’s transactions to obtain research and brokerage services. Accordingly, such arrangements may fall outside the “safe harbor” created by Section 28(e) (although the services so obtained would in all events be limited to items which constitute research or brokerage services as defined in Sections 28(e)).



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Research and brokerage services obtained by the use of Commissions arising from the respective client's portfolio transactions may be used by Radcliffe in its other investment activities and thus, each client may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided. Radcliffe will not seek to allocate soft dollar benefits to client accounts proportionately to the soft dollar credits the accounts generate.

Although Radcliffe will make a good faith determination that the amount of Commissions paid is reasonable in light of the products or services provided by a broker, Commission rates are generally negotiable and thus, selecting brokers on the basis of considerations that are not limited to the applicable Commission rates may result in higher transaction costs than would otherwise be obtainable. The receipt of such products or services and the determination of the appropriate allocation in the case of "mixed use" products or services creates a potential conflict of interest between Radcliffe and its clients. For example, Radcliffe will not have to pay for the products and services itself. This creates an incentive for Radcliffe to select or recommend a broker-dealer based on its interest in receiving those products and services.

#### Best Execution and Trade Aggregation/Allocation

In selecting brokers and negotiating Commission rates, Radcliffe will take into account the financial stability and reputation of brokerage firms, and the research, brokerage or other services provided by such brokers. Radcliffe may place transactions with a broker or dealer that (i) provides Radcliffe (or an affiliate) with the opportunity to participate in capital introduction events sponsored by the broker-dealer or (ii) refers investors to the Funds or other products advised by Radcliffe (or an affiliate), if otherwise consistent with seeking best execution; provided Radcliffe is not selecting the broker-dealer solely in recognition of the opportunity to participate in such capital introduction events or because of the referral of investors. Radcliffe's Chief Compliance Officer, operations personnel and traders meet periodically to evaluate the broker-dealers used by Radcliffe to execute client trades.

In selecting broker-dealers, Radcliffe may consider whether it or a related person receives client referrals from a broker-dealer or third party. Radcliffe may have an incentive to select a broker-dealer based on its interests to receive client referrals rather than on the client's interests to receive most favorable execution. To address this conflict of interest, Radcliffe will execute client trades through broker-dealers that refer clients to Radcliffe only if it is determined by Radcliffe that client trades with such broker-dealers are otherwise consistent with seeking best execution.

Subject to the foregoing, Radcliffe reserves the right to aggregate orders of its clients for trade execution and thereafter allocate the securities on an average price basis to such accounts. Brokerage Commission rates will not be reduced as a result of such aggregation in order to assure that all clients are treated fairly. In some instances, average pricing may result in higher or lower execution prices than otherwise obtainable by a single client. Transaction costs will also be shared pro rata. Radcliffe also believes that aggregation is consistent with its duty to seek best execution for all its clients. No additional remuneration will be received by Radcliffe as a result of such aggregation.

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Radcliffe's procedures relating to the allocation of investment opportunities require that similarly managed accounts participate in investment opportunities pro rata based according to Buying Power as defined below. Buying Power shall mean the capital available to such Fund or Account to make such investment taking into account such Fund or Account's investment objectives and restrictions, diversification requirements (consistent with its risk management policies), capital inflows, pending redemptions or withdrawals and expected expenses or liabilities. Notwithstanding the foregoing, in the event that Radcliffe determines that the allocation of investments on the basis of Buying Power as described above would produce an inequitable result, Radcliffe may instead allocate such investments in such other manner as it determines would be fair and equitable for all accounts.

### **Item 13 – Review of Accounts**

Radcliffe's Chief Investment Officer and Director of Research review the holdings in each client account on a continuing basis rather than on an arbitrary schedule. They are assisted in this review by Radcliffe's other investment personnel. Each client's portfolio holdings are monitored by Radcliffe's investment personnel in light of trading activity, significant corporate developments and other activities or circumstances which may dictate a change in portfolio positions. Investment personnel meet regularly to discuss individual positions as well as the portfolios as a whole. In addition, Radcliffe has adopted policies and procedures requiring each client's account to be reviewed periodically by the Chief Compliance Officer from the standpoint of the specific investment objectives of the client and as particular situations may dictate.

Each investor in the Funds will receive audited annual reports and unaudited monthly reports of the performance of the Fund(s) in which they invest. In the case of each Account, client(s) will receive monthly reports of the performance of such account, together with such other information as may be specified in the investment management agreement governing such Account. The reports referenced above are in written form and delivered to clients and investors pursuant to the instructions provided to Radcliffe by the client or investor.

See also the response to Item 15 below relating to Custody.

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

This item is not applicable, except for the fact that Radcliffe does not negotiate execution only commissions and may thereby be deemed to accept "soft dollars" which may constitute compensation. Please see Item 12 for further information on Radcliffe's "soft-dollar" practices, including Radcliffe's procedures for addressing conflicts of interest that arise from such practices.



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## **Item 15 – Custody**

Radcliffe is deemed to have legal custody of the Funds' assets because it is affiliated with the general partners of the Funds (See Item 10). Radcliffe, however, does not have physical custody of client funds or securities. Client assets are held with banks or registered broker-dealers that are "qualified custodians," as defined in Advisers Act Rule 206(4)-2(d)(6). Account clients receive monthly statements from the qualified custodian which each such client selects and which maintains custody of the Account's assets. Radcliffe urges clients to carefully review such statements and compare such official custodial records to any statements that Radcliffe may provide to them. Radcliffe's statements may vary from custodial statements based on accounting procedures, reporting dates, or valuation methodologies of certain securities.

Each of the Fund's financial statements is subject to an annual audit by an independent accountant registered with the Public Company Accounting Oversight Board and each Fund distributes its audited financial statements prepared in accordance with generally accepted accounting principles to all Fund investors within 120 days of the end of its fiscal year. Upon liquidation, audited financial statements prepared in accordance with generally accepted accounting principles are distributed to the Fund investors promptly after the completion of such audit.

## **Item 16 – Investment Discretion**

Radcliffe receives discretionary authority from the client to select the identity and amount of securities to be bought or sold which is documented in the investment management agreement with the client at the outset of an advisory relationship. In all cases, however, such discretion is to be exercised in a manner consistent with the governing documents or investment management agreement, as applicable, for the particular Fund or Account. Please see Item 4 for a description of any limitations clients may place on Radcliffe's discretionary authority.

### Cross Transactions

Radcliffe may effect cross transactions between discretionary client accounts pursuant to the procedures referenced below. Cross transactions enable Radcliffe to effect a trade between two clients for the same security at a set price, thereby possibly avoiding an unfavorable price movement that may be created through entrance into the market and saving Commission costs for both accounts. Cross transactions include rebalancing transactions that are undertaken so that, after withdrawals or contributions have occurred, the portfolio compositions of similarly managed accounts remain substantially similar. Radcliffe has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. Radcliffe obtains consent from both parties prior to conducting a cross trade and does not receive additional compensation (i.e., a Commission) for such transaction.

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### Trade Errors

If it appears that a trade error has occurred, Radcliffe will review the relevant facts and circumstances to determine an appropriate course of action. To the extent that trade errors and breaches of investment guidelines and restrictions occur, Radcliffe's error correction procedure is to ensure that clients are treated fairly and, following error correction, are in the same position they would have been if the error had not occurred. Radcliffe has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy.

### **Item 17 – Voting Client Securities**

Radcliffe will allow Account clients to reserve the right, in writing, to vote proxies related to securities in their accounts; however, Radcliffe typically accepts authority to vote proxies for Account clients. Radcliffe has adopted Proxy Voting Policies and Procedures (the “Procedures”) that are designed to ensure that in cases where Radcliffe votes proxies with respect to client securities, such proxies are voted in the best interests of its clients. The Procedures require that Radcliffe identify and address conflicts of interest between Radcliffe and its clients. In voting proxies, Radcliffe generally votes in favor of routine corporate housekeeping proposals, including election of directors (where no corporate governance issues are implicated). For all other proposals, Radcliffe will determine whether a proposal is in the best interests of its clients and may take into account the following factors, among others: (i) whether the proposal was recommended by management and Radcliffe’s opinion of management; and (ii) whether the proposal fairly compensates management for past and future performance.

Clients may obtain a copy of the Procedures and information about how Radcliffe voted a client’s proxies by contacting Radcliffe’s Chief Compliance Officer at 610-617-5900.

### **Item 18 – Financial Information**

Under certain circumstances investment advisers are required to provide a balance sheet, disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients and disclose whether it has been the subject of a bankruptcy petition at any time during the past ten years. Radcliffe does not have any information to disclose that is applicable to this Item.