

Item 1 – Cover Page

Tricadia Capital Management, LLC

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March 30, 2017

This brochure (this “Brochure”) provides information about the qualifications and business practices of Tricadia Capital Management, LLC (“Tricadia Capital”) and certain of its affiliates. If you have any questions about the contents of this Brochure, please contact us at (646) 388-5900. 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.

Tricadia Capital is an SEC-registered investment adviser. Registration of an investment adviser does not imply any level of skill or training. The oral and written communications of an investment adviser provide you with information about which you determine to hire or retain an investment adviser.

Additional information about Tricadia Capital and its affiliates also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. The CRD number for Tricadia Capital is 137758.

This Brochure does not constitute an offer to sell or the solicitation of an offer to purchase any securities of any entities described herein. Any such offer or solicitation will be made solely to qualified investors by means of a private placement memorandum.

## **Item 2 – Material Changes**

Our last version of this Brochure was dated March 29, 2016.

We have revised this Brochure to update information regarding the relationship between Tricadia Capital and Mariner Investment Group, LLC (and affiliates thereof), update relevant risk factors, remove information about an account that is no longer managed by Tricadia Capital and update the disclosure regarding Tricadia Capital's fee structure. We have also updated certain information, such as our assets under management, and made certain clarifying or technical corrections. If you would like to receive a "blackline" showing all of the changes from our prior version, please request one using the contact information below.

Pursuant to SEC rules, we will ensure that you receive a summary of any material changes to this Brochure and subsequent brochures within 120 days of the close of Tricadia Capital's fiscal year.

You may request the most recent version of our brochure by contacting Andrew Schinder, Tricadia Capital's Chief Compliance Officer, at (212) 891-5023.

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## Item 4 – Advisory Business

### Tricadia's Business

Tricadia Capital provides discretionary portfolio management and advisory services to privately-offered pooled investment vehicles and separately managed accounts. Tricadia Europe LLP ("Tricadia Europe") assists Tricadia Capital with the provision of its portfolio management and advisory services from its office in London, U.K. Tricadia Capital, LLC serves as general partner of Tricadia Credit Strategies, L.P. and Tricadia Credit Strategies II, L.P. Tricadia Distressed and Special Situations GP, LLC ("Tricadia Distressed GP") serves as general partner of Tricadia Distressed and Special Situations Fund, L.P. Tricadia Distressed and Special Situations II GP, LLC ("Tricadia Distressed II GP") serves as general partner of Tricadia Distressed and Special Situations Fund II, L.P. Tricadia Financials GP, LLC ("Tricadia Financials") serves as general partner of TNH Financials Fund, L.P. and Tricadia Select Financials Fund, L.P. SCOPES II GP, LLC ("SCOPES II GP") serves as general partner of Structured Credit Opportunities Fund II, L.P. Tricadia Convexity GP, LLC ("Tricadia Convexity GP") serves as general partner of Tricadia Convexity Master Fund, L.P. and Tricadia Convexity Fund, L.P.

Tricadia Capital has been in business since 2005. Tricadia Holdings, L.P. owns 100% of Tricadia Capital and owns a majority of Tricadia Europe. Michael Barnes and Arif Inayatullah control Tricadia Holdings, L.P. Tricadia GP Holdings, LLC owns 100% of Tricadia Capital, LLC, Tricadia Distressed GP, Tricadia Distressed II GP, Tricadia Financials, SCOPES II GP and Tricadia Convexity GP. Michael Barnes and Arif Inayatullah control Tricadia GP Holdings, LLC. Accordingly, Tricadia Capital, Tricadia Europe, Tricadia Capital, LLC, Tricadia Distressed GP, Tricadia Distressed II GP, Tricadia Financials, SCOPES II GP and Tricadia Convexity GP (collectively, "Tricadia") may be deemed to be under common control.

### Advisory Services

Tricadia serves as investment adviser or general partner of several domestic partnerships and offshore investment companies (the "Tricadia Funds") as well as investment adviser to separate accounts (collectively, the "Funds" or "Advisory Accounts").

Each of the Tricadia Funds relies upon the exception from the definition of an "investment company" provided by Section 3(c)(7) of the U.S. Investment Company Act of 1940, as amended. Tricadia generally manages the Tricadia Funds in accordance with the investment strategy of the relevant Fund and not based upon the individual needs of the investors in the Fund.

Please see Item 8 for information about the Tricadia Funds' investment strategies, investments in which those Funds invest, and risk factors associated with those strategies and investments.

## **Client Restrictions**

Tricadia generally permits its clients, including the Tricadia Funds, to impose restrictions on their Advisory Accounts with respect to: (i) the specific types of investments or asset classes that Tricadia will or will not purchase for their Advisory Accounts; (ii) the nature of the issuers of investments that Tricadia will or will not purchase for their Advisory Accounts; and/or (iii) the risk profile of instruments Tricadia will or will not purchase for their Advisory Accounts, or the risk profile of the Advisory Account as a whole.

## **Client Assets**

As of December 31, 2016, Tricadia managed on a discretionary basis approximately \$3.67 billion in client assets calculated on a gross asset value basis, or approximately \$2.41 billion in client assets calculated on a net asset value basis. These figures include committed but undrawn capital.

## **Item 5 – Fees and Compensation**

### **Compensation for Advisory Services**

#### Generally

Tricadia generally charges advisory fees to Tricadia's advisory clients based on: (i) client assets under management; and (ii) the performance of an Advisory Account over a specific time period (such as a year).

Tricadia's fees may be negotiable under certain circumstances, and the rate and type of fee may vary based on:

- the nature of a particular client or investor in a Tricadia Fund;
- the applicable investment strategy;
- any restrictions or requirements imposed on Tricadia;
- the amounts invested; or
- the relationship the client or investor has with Tricadia or its affiliates.

Investment advisory contracts terminate on, or shortly following, one party's receipt of written notice of termination from the other party. Investors may withdraw from Tricadia Funds pursuant to the terms of the relevant Fund's offering memorandum. Similar advisory services may be available from other investment advisers at lower cost.

Separate accounts are typically billed for Tricadia's advisory services and the fees may be paid out of the accounts or separately. Tricadia's fees for advisory services to the Tricadia Funds are

typically calculated by each Fund's back office service provider, and following approval by the Fund's administrator of the fee calculation, the fees are paid by the Fund.

#### *Asset-Based Fees*

The asset-based fees (or management fees) typically are charged at an annual rate of up to 2.0% of the average value of the client's net assets under management. Asset-based fees are generally payable monthly or quarterly in advance. Unless otherwise disclosed in the Fund's offering documents, asset-based fees are presented as an annual rate and are based on the net asset values of the relevant Fund's assets during the course of a year.

Investors in the Tricadia Funds are subject to the management fees of the applicable Fund, as described in that Fund's offering documents.

#### *Performance-Based Fees*

Tricadia's performance-based fees<sup>1</sup> typically range from 17.5% to 22.5% of the increase in the net asset value of an Advisory Account ("net appreciation") for the relevant time period, which may be subject to a performance measure (for example, a high water mark, hurdle rate, loss carry forward or other adjustment) (each, a "Performance Measure"). "Net appreciation" generally includes net investment profits (realized and unrealized), less investment transaction costs, applicable fees and all other accrued expenses. A performance fee is generally accrued monthly and payable as of December 31st of each year or in a waterfall structure following the realization of profits (or on the termination of an investment management agreement or the withdrawal of an investor from a Tricadia Fund).

Unless otherwise noted, performance-based fees are based on the net appreciation of the Fund's assets during the relevant time period (usually during the course of a year) or based on a distribution waterfall whereby Tricadia only receives its performance-based fee after certain thresholds are met (as set forth in the applicable Fund documentation).

Investors in the Tricadia Funds are subject to the performance fees of the applicable Fund, as described in that Fund's offering documents.

#### Separate Account Compensation

In addition, Tricadia may manage separate accounts for institutional investors. Terms applicable to these separate accounts are negotiated (including applicable investment restrictions) and vary from those applicable to the Tricadia Funds.

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<sup>1</sup> Please note that certain performance-based compensation is in the form of an allocation (to an affiliate of Tricadia), instead of a fee. For purposes of this Brochure, any reference to the payment of a performance-based fee will also include, as applicable, the allocation of profits to Tricadia based on the performance of an Advisory Account.

## **Additional Expenses**

Tricadia's fees are exclusive of, as applicable, brokerage commissions, transaction fees, origination fees, back office costs, administration fees and other related costs and expenses, which are the clients' responsibility. Custodians, broker-dealers, any third party investment advisers and other third parties may impose fees on Tricadia's clients, such as management fees, custodial fees, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. Mutual funds and exchange traded funds also charge internal management fees, which are disclosed in a fund's prospectus. These charges, fees and commissions are generally exclusive of and in addition to Tricadia's fees.

The Tricadia Funds also generally will bear legal, administration and operating fees (including entity-level taxes and other governmental fees and expenses), internal and external accounting and auditing expenses incurred in preparing, printing and delivering all reports (including such expenses incurred in connection with any fund document), insurance premiums and all filing costs and fees, as well as any risk management expenses.

The Tricadia Funds also generally bear all costs and expenses incurred in connection with the actual or proposed making, financing, holding, monitoring, hedging, management or disposition of any investments of the Tricadia Fund (whether such investments or transactions are consummated or not), including, without limitation, appraisal expenses, fees and expenses of custodians, brokerage costs, finder's fees, spreads, mark-ups, clearing and settlement costs, investment banking fees, expenses relating to short sales, commitment fees, financing costs and interest charges, bank service fees, broken deal expenses and other transactional charges, consultants', accountants' and other experts' fees, travel and entertainment expenses incurred for investment-related purposes, legal and due diligence expenses and consulting fees, fees of the related administrator and back office service provider, tax preparation expenses, external legal, external accounting and auditing expenses, expenses incurred in preparing, printing and delivering all reports, insurance premiums, all filing costs and fees, any other costs or fees related to the monitoring or acquisition of Fund assets, including, without limitation, the cost of any research software, pricing facilities or credit databases used by Tricadia, fees of any director of any Fund, wind-up and liquidation expenses, expenses for liability insurance, including, without limitation, directors and officers liability insurance, servicing and special servicing fees (whether paid to third parties or to affiliates of Tricadia), and any other legal, accounting, auditing, appraisal, administrative and accounting expenses, and fees for outside services. The Tricadia Funds will also pay any extraordinary expenses they may incur, including any litigation expenses.

Item 12 below further describes the factors that Tricadia considers in selecting broker-dealers for client transactions and determining the reasonableness of their compensation (for example, commissions).

Expenses payable or reimbursable by each Tricadia Fund are disclosed in such Fund's offering documentation.

## **Compensation-Based Conflicts**

### *No Arm's Length Negotiation between Tricadia and the Tricadia Funds*

The fee arrangements between Tricadia and some of the Tricadia Funds were not the product of an arm's-length negotiation with a third party. Where applicable, Tricadia discloses this conflict in the relevant offering documents to potential investors in the Tricadia Funds.

### *Incentive for Tricadia to favor clients that pay higher fees*

Management fees or performance-based fees paid by certain Tricadia clients may be higher than those paid by other Tricadia clients, which could lead to a tendency for Tricadia to favor its clients that pay higher fees, for example, in the allocation of scarce investment opportunities or investment decisions. Please see Item 10 below for information regarding Tricadia's trade allocation and aggregation of trade policies, and Item 11 below for information regarding Tricadia's Code of Ethics.

### *Tricadia may be incentivized to purchase Affiliated Funds*

Tricadia may cause its Advisory Accounts to invest in privately-offered pooled investment vehicles, unit investment trusts or other collective investment vehicles (such as CDOs and CLOs), for which Tricadia or any of its affiliates serves as investment adviser or manager (each, an "Affiliated Fund"). Tricadia or its affiliates, in its capacity as manager, general partner or investment adviser to the Affiliated Funds, may receive ongoing fees from its activities as manager, general partner or investment adviser. Accordingly, Tricadia or its affiliates will face conflicts of interest when purchasing and selling those securities.



## **Sales Compensation**

In general, employees of Mariner Group Capital Markets Inc. or individuals associated with Mariner Europe Limited and/or Mariner Japan Inc. (collectively, "Mariner Broker-Dealer") who (i) refer or help solicit investment advisory clients for Tricadia, or (ii) solicit investors for Funds for which Tricadia serves as an investment adviser, may be compensated from the revenues payable to Mariner Investment Group, LLC or its affiliates under the services agreement described under Item 10 below.

This practice of compensating Mariner Broker-Dealer employees or associates for referring or helping to solicit advisory clients or investors for Funds for which Tricadia serves as investment adviser presents a conflict of interest, as it gives those employees an incentive to recommend investment products based on the compensation received, rather than on a client's needs. Tricadia discloses this conflict to potential investors in the Tricadia Funds.

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

### Generally

As described in Item 5 above, Tricadia's clients pay performance-based fees. All performance-based fees are calculated and paid in accordance with Section 205 and Rule 205-3 under the U.S. Investment Advisers Act of 1940 (the "Advisers Act"). Further, the Tricadia Funds will not accept investors who do not satisfy the eligibility criteria of Rule 205-3. As set forth in Item 5, performance-based fees generally range from 17.5% to 22.5% of "net appreciation" of the Advisory Account for the relevant time period, and may be subject to a Performance Measure. Tricadia only advises clients that are charged performance-based fees.

### Conflicts

#### *Side-by-Side Management*

While all Tricadia Funds pay Tricadia performance-based fees, Tricadia faces conflicts related to the side-by-side management of accounts which either (i) pay differing levels of performance-based fees or (ii) pay performance-based fees along with accounts managed by Tricadia CDO Management, LLC or Tiptree Asset Management Company, LLC, affiliates of Tricadia, that do not. (See Item 10 below for further information on Tricadia CDO Management, LLC and Tiptree Asset Management Company, LLC.)

#### *Performance-based fees may incentivize riskier investment behavior*

Tricadia's (or its affiliate's) receipt of performance-based fees may incentivize Tricadia to make investments that are riskier or more speculative than Tricadia would make if Tricadia (or its affiliate) did not receive performance-based fees. Further, many of Tricadia's performance-based fees include unrealized appreciation of client assets, and may result in Tricadia receiving greater

performance-based fees than would be the case if net appreciation was based only on realized gains. Tricadia discloses this conflict in the relevant offering documents to potential investors in the Tricadia Funds.

## **Item 7 – Types of Clients**

As noted in Item 4 above, Tricadia provides discretionary portfolio management and advisory services to the Tricadia Funds (which may be organized as domestic or foreign partnerships or incorporated entities) and institutional investors.

Investors that directly invest in Tricadia Funds will generally be subject to minimum investment amounts as described in the Funds' offering documents. Those minimum investment amounts for Fund investors may be modified, depending on the investor relationship and in accordance with the Fund documents.

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

The following is a summary of (i) the strategies and methods Tricadia uses in formulating advice or managing assets (and their material risks) and (ii) the material risks associated with the types of securities that Tricadia primarily recommends to its clients. Clients and prospective clients should refer to a separate disclosure document that the client has or will receive that sets out a more detailed explanation of the material risks of investment strategies or methods of analysis that are or will be used to manage the client's account. Investors in the Tricadia Funds should refer to the offering documents of the Funds for more detailed explanations of the material risks of investment strategies or methods of analysis that are or will be used to manage the Funds.

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**Funds:** Tricadia Credit Strategies, Ltd., Tricadia Credit Strategies, L.P., Tricadia Credit Strategies II, L.P., Structured Credit Opportunities Fund II, L.P.

### **Fund strategies and related risks:**

#### **-Fundamental Long/Short Value**

- *Description:* This strategy involves investing in long and/or short positions in securities at significant discounts to underlying value. This strategy seeks to identify mispriced securities based on fundamental research.
- *Risks:* Assuming that Tricadia correctly identifies a "mispriced" security, the market may continue to misprice the security for an extended period of time. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the

price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

#### -Capital Structure Arbitrage

- *Description:* This strategy involves exploiting pricing inefficiencies and informational asymmetries through a offsetting long and short positions within the capital structures of specific companies.
- *Risks:* The market movements of the different parts of the capital structure of companies are unpredictable and often path dependent with large relative price fluctuations. Because the price paths of the securities are highly sensitive to changing default probabilities, prospective valuations and, therefore, price expectations, can be widely divergent. Miscalculating the likely outcome of a company can be costly, and miscalculating the hedge can exacerbate potential losses.

#### -Relative Value

- *Description:* This strategy involves taking long and short positions with correlated credit portfolios or single name credits. This strategy will include negative basis trades, and involves taking long and short positions in securities that are highly correlated with similar risk characteristics, yet priced differently. Different relative value strategies include statistical arbitrage, pairs trading, yield curve arbitrage and basis trading.
- *Risks:*
  - Two or more buy or sell orders may not be able to be executed simultaneously at the desired prices, resulting in a loss being incurred on both sides of a multiple trade transaction.
  - The transaction costs of “relative value” transactions can be especially significant because separate costs are incurred on each component of the transaction. Consequently, a substantial favorable price movement may be required before a profit can be realized.
  - Even if a “relative value” strategy correctly identifies a mispricing, the ability of the strategy to capture such mispricing depends on Tricadia’s ability to maintain the relative value position until the market returns to fair value. Tricadia may not be able to do so for a number of reasons (including, without limitation, financing costs, stop-loss limits and market disruptions) and may, accordingly, incur substantial losses on a position which would otherwise have been profitable.

#### -Credit Term Structure

- *Description:* This strategy involves taking long and short positions to exploit anomalies in the term structure of credit. This can involve taking advantage of mispriced credit exposure at certain points in the term structure of single name credits relative to other points in the same term structure. Positions may use traditional fixed-income and credit securities, as well as other structured credit products and credit derivatives.

- *Risks:* This strategy relies on predictions about the future pricing movements of points in a credit term structure. Future changes in pricing cannot be predicted with certainty, and losses may occur if predictions are not accurate.

#### -Stressed/Distressed Securities

- *Description:* These strategies involve investing in long and/or short positions in stressed or distressed credit investments at significant discounts to underlying value. Typically, investments are in the securities and other assets of issuers in weak financial condition, experiencing poor operating results, needing substantial capital investment, facing special competitive or product obsolescence problems, affected by a credit downgrade (such as a downgraded security), involved in various stages of bankruptcy or reorganization proceedings, or experiencing some other type of “special situation.”
- *Risks:*
  - Investments of this type may involve substantial financial and business risks that can result in significant or even total losses. Among the risks inherent in investments in financially troubled issuers is the fact that it is frequently difficult to obtain reliable information as to their true financial prospects. The market prices of distressed securities are subject to abrupt and erratic market movements and excessive price volatility, and the “bid-ask” spreads for such securities may be greater than normally expected.
  - Many events in a bankruptcy are the product of contested matters and adversary proceedings which are beyond the control of the creditors. Following a bankruptcy filing, a company may lose its market position and key employees and otherwise become incapable of restoring itself as a viable entity. In a liquidation, the liquidation value of the company may not equal the liquidation value that was believed to exist at the time of the investment.
  - The duration of a bankruptcy proceeding is difficult to predict and a creditor’s return on investment can be adversely affected by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court.
  - The administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor’s estate prior to any return to creditors.
  - Creditors can lose their ranking and priority if they exercise “domination and control” over a debtor and other creditors can demonstrate that they have been harmed by such actions, especially in the case of investments made prior to the commencement of bankruptcy proceedings; and certain claims, such as claims for taxes, may have priority by law over the claims of certain creditors.

#### -Event Driven/Special Situations Investments

- *Description:* This strategy involves taking long and/or short positions based on the perceptions of issuer dynamics or pricing inefficiencies. This strategy includes investments

in opportunities created by significant events or special situations and may involve a long or a short view with respect to an issuer depending on the anticipated outcome of particular events or transactions. This strategy involves investing in opportunities that present particularly attractive risk/return characteristics as a result of a temporary dislocation in the market, short-lived supply/demand imbalances, lack of liquidity, highly complex and difficult to analyze structure, immediate need for capital as a result of a stressed operating environment and any other situation where the Fund can add value and insight as a strategic partner and capital provider

- *Risks:*
  - The Fund may invest in companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving that type of business enterprise, there is a risk that the transaction in which that business enterprise is involved either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security, the value of which will be less than the purchase price of the security or other financial instrument in respect of which that distribution is received.
  - If an anticipated transaction does not in fact occur, the Fund may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Fund may invest, there is a potential risk of loss by the Fund of its investment in such companies.

### **Types of investments and related risks:**

#### **-Fixed-income securities**

- *Related Risks*
  - Fixed-income securities pay fixed, variable or floating rates of interest. The value of fixed-income securities in which the Fund may invest will change in response to fluctuations in interest rates and credit spreads. Except to the extent that values are independently affected by currency exchange rate fluctuations, when interest rates decline, the value of fixed-income securities generally can be expected to rise. Conversely, when interest rates rise, the value of fixed-income securities generally can be expected to decline.
  - The Fund has no control over the future direction of interest rates or credit spreads and this strategy is largely dependent upon Tricadia's ability to determine accurately such interest rate and credit spread movements. While the Fund may hedge to reduce such interest rate related risks, no assurance can be given that the Fund will be successful in that respect.
  - Fixed-income securities and bank loans are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations.

#### **-Derivative instruments**

- *Related Risks*
  - Various derivative instruments may be utilized, such as credit default swaps or total return swaps. The use of derivative instruments involves a variety of material risks, reflecting the often extremely high degree of leverage embedded in such instruments. The derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to close out open positions in order either to realize gains or to limit losses. Many derivatives are valued on the basis of dealers' pricing of these instruments. However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative, should the Fund wish or be forced to sell such position, may be materially different. Such differences can result in an overstatement of the Fund's net asset value, and may have a materially adverse effect on the Fund in situations in which the Fund is required to sell derivative instruments in order to raise funds for margin purposes or to pay withdrawals. The pricing relationships between derivatives and the underlying instruments on which they are based may not conform to anticipated or historical correlation patterns, resulting in unanticipated losses.
  - With respect to many derivative instruments, including credit default swaps and total return swaps, the Fund will have a contractual relationship only with the synthetic asset counterparty, and not with the issuer(s) of the reference obligations, unless certain defined events occur. Accordingly, the Fund generally will have no right directly to enforce compliance by the reference entity with the terms of any such reference obligation and the Fund will not have any rights of set-off against the reference entity. In addition, the Fund generally will not have any voting or other consensual rights of ownership with respect to the reference obligation. The Fund also will not directly benefit from any collateral supporting the reference obligation and will not have the benefit of the remedies that would normally be available to a holder of such reference obligation.
  - In the event of the insolvency of the synthetic asset counterparty, the Fund will be treated as a general creditor of such counterparty, and will not have any claim of title with respect to the reference obligation. Consequently, the Fund will be subject to the credit risk of the synthetic asset counterparty, as well as that of the reference entity.

#### -Asset-backed securities ("ABS")

- *Related Risks*
  - 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 do not generally have the benefit of the same security interest in the related collateral as mortgage loans or mortgage-backed securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor.

- The collateral supporting ABS is often of shorter maturity than mortgage loans and is less likely to experience substantial prepayments. ABS are often backed by a pool of assets representing the obligations of a number of different parties and may use credit enhancement techniques such as letters of credit, guarantees or preference rights.
- The value of an asset-backed security may be affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.
- In general, "premium" securities (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" securities (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Since many ABS will be discount securities when interest rates are high, and will be premium securities when interest rates are low, these ABS may be adversely affected by changes in prepayments in any interest rate environment.

#### -Mortgage-backed securities ("MBS")

- *Related Risks*
  - The Fund may invest in commercial mortgage-backed securities ("CMBS") and residential mortgage-backed securities ("RMBS"). The collateral underlying CMBS generally consists of mortgage loans secured by income producing property, such as regional malls, other retail space, office buildings, industrial or warehouse properties, hotels, rental apartments, nursing homes, senior living centers and self storage properties. Performance of a commercial mortgage loan depends primarily on the net income generated by the underlying mortgaged property. The market value of a commercial property similarly depends on its income-generating ability. As a result, income generation will affect both the likelihood of default and the severity of losses with respect to a commercial mortgage loan. Any decrease in income or value of the commercial real estate underlying an issue of CMBS could result in cash flow delays and losses on the related issue of CMBS.
  - Property-specific issues with respect to the underlying mortgaged property, such as significant government regulation of a particular industry, reliance on franchise, management or operating agreements, transferability on purchase or foreclosure of related valuable assets such as liquor and other licenses and ease of conversion of a commercial property to an alternative use will impact both risk of loss and loss severity with respect to the underlying mortgage loan pool and the CMBS.
  - Mortgage loans underlying a CMBS issue may provide for no amortization of principal or may provide for amortization based on a schedule substantially longer than the maturity of the mortgage loan, resulting in a "balloon" payment due at maturity. If the underlying mortgage borrower experiences business problems, or other factors limit refinancing alternatives, such balloon payment mortgages are likely to experience payment delays or even default. As a result, the related issue of CMBS could experience delays in cash flow and losses.
  - Holders of RMBS bear various risks, including credit, market, interest rate, structural and legal risks. Residential mortgage loans are obligations of the

borrowers only and are not typically insured or guaranteed by any other person or entity, although such loans may be securitized by government agencies and the securities issued are guaranteed. The rate of defaults and losses on residential mortgage loans 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 that residential mortgage loan may be a lengthy and difficult process, and may involve significant expenses. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

- Numerous residential mortgage loan originators that originate subprime mortgage loans have recently experienced serious financial difficulties and, in some cases, bankruptcy. Those difficulties have resulted in part from declining markets for mortgage loans as well as from claims for repurchases of mortgage loans previously sold under provisions that require repurchase in the event of early payment defaults, or for material breaches of representations and warranties made on the mortgage loans, such as fraud claims. Those difficulties may adversely affect the performance and market value of RMBS originated, serviced or subserviced by these companies. As a result, the performance and market value of CDO Securities backed by RMBS also may be adversely affected.
- Violations of consumer protection laws or other federal laws may result in losses on RMBS by limiting the ability of the issuer to collect all or part of the principal or interest on the related underlying loans and in addition could subject such issuer to damages and administrative enforcement.
- A number of legislative proposals have been introduced at both the federal, state and municipal level that are designed to discourage predatory lending practices. An originator's failure to comply with these laws could subject the issuer of a RMBS to monetary penalties and could result in the borrowers rescinding the loans underlying that RMBS.

#### -Collateralized debt obligations ("CDOs")

- *Related Risks*

- CDOs may invest in concentrated portfolios of assets. The concentration of an underlying portfolio in any one obligor would subject the holder of the related CDO securities to a greater degree of risk with respect to defaults by such obligor and the concentration of a portfolio in any one industry would subject the holder of the related CDOs to a greater degree of risk with respect to economic downturns relating to such industry or region.
- The Fund's investment in CDOs involves significant leverage. Leverage is embedded in all classes of a CDO other than the most senior tranche. While the leverage presents opportunities for increasing the Fund's total return, it has the effect of potentially increasing losses as well.
- CDO securities are issued on a non-recourse basis and holders of CDO securities must rely solely on distributions on the CDO collateral or proceeds thereof for payment. If distributions on the CDO collateral are insufficient to make payments on the CDO securities, no other assets will be available for payment of the deficiency



and following liquidation of the CDO collateral, the obligations of such issuer to pay such deficiency will be extinguished.

- CDOs are subject to significant interest rate risk. Some of the CDO collateral of an issuer of a CDO bears interest at a fixed rate, while the CDO security typically bears interest at a floating rate. As a result, there could be a floating/fixed rate mismatch between such CDO security and the CDO collateral which bears interest at a fixed rate. In addition, the CDO collateral which bears interest at floating rates will pay interest at rates that adjust more frequently or less frequently, on different dates and based on different indices than the interest rates on the CDO security. As a result of such mismatches, an increase or decrease in the level of the floating rate indices could adversely impact the ability of the CDO to make payments on such CDO security.
- CDO securities in which the Fund may invest may be deemed by rating agencies to have substantial vulnerability to default in payment of interest and/or principal. Other securities may have the lowest quality ratings or may be unrated. Lower rated and unrated securities in which the Fund may invest have large uncertainties or major risk exposures to adverse conditions and are considered to be predominantly speculative. In addition, the market values of CDO securities also tend to be more sensitive to changes in economic conditions than higher rated securities. In certain cases, failure to achieve certain collateral quality thresholds set forth in applicable CDO documents may result in the default or liquidation of a CDO security.
- At times, the fixed income markets have in the past experienced significant falloffs in liquidity. While such events may sometimes be attributable to changes in interest rates or other factors, the cause is not always apparent. During periods of market illiquidity, a CDO may not be able to sell assets in its portfolio or may only be able to do so at unfavorable prices. That liquidity risk could adversely impact the value of the Fund's portfolio.

#### -Futures contracts

- *Related Risks*
  - Futures and futures options may be traded for speculative or hedging purposes. The prices of such contracts are highly volatile. Because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor.
  - Commodity exchanges limit fluctuations in futures contract prices during a single day. During a single trading day trades may not be executed at prices beyond the "daily limit." Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in the commodity can be neither taken nor liquidated unless managers are willing to effect trades at or within the limit.
  - 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 contract for a particular future has increased or

decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Fund from promptly liquidating unfavorable positions and subject the Fund to substantial losses.

## -Options

- *Related Risks*

- The Fund may purchase and sell ("write") options on securities, currencies and commodities on national and international commodities and securities exchanges, and in the domestic and international over-the-counter market. The seller ("writer") of a put option which is covered (*e.g.*, the writer has a short position in the underlying security, currency or commodity) assumes the risk of an increase in the market price of the underlying security, currency or commodity above the sales price (in establishing the short position) of the underlying security, currency or commodity plus the premium received, and gives up the opportunity for gain on the underlying security, currency or commodity below the exercise price of the option. If the seller of the put option owns a put option covering an equivalent number of shares with an exercise price equal to or greater than the exercise price of the put written, the position is "fully hedged" if the option owned expires at the same time or later than the option written. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security, currency or commodity 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. If the buyer of the put holds the underlying security, currency or commodity, the loss on the put will be offset in whole or in part by any gain on the underlying security, currency or commodity.
- The writer of a call option which is covered (*e.g.*, the writer holds the underlying security, currency or commodity) assumes the risk of a decline in the market price of the underlying security, currency or commodity below the value of the underlying security, currency or commodity less the premium received, and gives up the opportunity for gain on the underlying security, currency or commodity 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, currency or commodity above the exercise price of the option. The buyer of a call option assumes the risk of losing its entire investment in the call option. If the buyer of the call sells short the underlying security, currency or commodity, the loss on the call will be offset, in whole or in part, by any gain on the short sale of the underlying security, currency or commodity.
- Options may be cash settled, settled by physical delivery or by entering into a closing purchase transaction. In entering into a closing purchase transaction, the Partnership may be subject to the risk of loss to the extent that the premium paid for entering into such closing purchase transaction exceeds the premium received when the option was written.

## -Private equity investments

- *Related risks:*
  - There are substantial restrictions upon the transferability of interests in private equity funds. There is (and will likely be) no public or other market for those interests. Withdrawal of limited partners from a private equity fund generally will not be permitted.
  - Private equity funds will generally establish reserves for follow-on investments in portfolio companies, operating expenses, fund liabilities, and other matters. Estimating the amount necessary for such reserves is difficult, particularly because follow-on investment opportunities are directly tied to the success and capital needs of portfolio companies. Inadequate or excessive reserves could have a material adverse effect upon the investment returns to the private equity fund's limited partners.
  - A private equity fund's limited partners generally will not contribute the full amount of their capital commitments to the fund at the time of their admission to the fund. Instead, they will be required to make incremental contributions pursuant to capital calls issued by the fund's general partner from time to time. Limited partners that fail to satisfy capital calls in a timely manner generally will be subject to significant penalties.

#### -Equity

- *Related risks:*
  - Equity securities fluctuate in value in response to many factors, including, among others, the activities and financial condition of individual companies, the business market in which individual companies compete, industry market conditions, interest rates and general economic environments.
  - Events such as the domestic and international political environments, terrorism and natural disasters may be unforeseeable and contribute to market volatility in ways that may adversely affect investments made by the Fund.

#### - Non-U.S. Investments and Emerging Markets

- *Related risks:*
  - Investing in the debt, equity or other securities and instruments of companies located outside the U.S. and non-U.S. currencies 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 and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain, other income, or gross sale or disposition proceeds; the 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; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Fund's investment opportunities. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are not expected to be highly correlated with each other and may behave in unpredictable ways.

- Accounting and financial reporting standards that prevail in non-U.S. countries generally are not equivalent to U.S. standards and, consequently, less information is available to investors in companies located in such countries than is available to investors in companies located in the U.S. There is also less regulation, generally, of the securities markets in non-U.S. countries than there is in the United States.
- The Fund may be subject to additional risks which include possible adverse political and economic developments, possible seizure or nationalization of non-U.S. deposits and possible adoption of governmental restrictions which might adversely affect the payment of principal and interest to investors located outside the country of the issuer, whether from currency blockage or otherwise.

8-B

**Funds:** Tricadia Distressed and Special Situations Fund, L.P., Tricadia Distressed and Special Situations, Ltd., Tricadia Distressed and Special Situations Fund II, L.P. and Tricadia Distressed and Special Situations II, Ltd.

**Fund strategies and related risks:**

-Stressed/Distressed Securities

- *Description and Related risks:* See risk factors related to Stressed/Distressed Securities in **Section 8-A** above.

-Event-Driven/Special Situations Investments

- *Description and Related risks:* See risk factors related to Event-Driven/Special Situations Investments in **Section 8-A** above.

**Types of investments and related risks:**

-ABS

- *Related risks:* See risk factors related to ABS in **Section 8-A** above.

-MBS

- *Related risks:* See risk factors related to MBS in **Section 8-A** above.

-CDOs

- *Related risks:* See risk factors related to CDOs in **Section 8-A** above.

-Fixed-income securities

- *Related risks:* See risk factors related to Fixed-income securities in **Section 8-A** above.

#### -Derivative instruments

- *Related risks:* See risk factors related to derivative instruments in **Section 8-A** above.

#### -Private equity investments

- *Related risks:* See risk factors related to private equity investments in **Section 8-A** above.

#### -Equity

- *Related risks:* See risk factors related to equity in **Section 8-A** above.

### 8-C

**Fund:** TNH Financials Fund, L.P., Tricadia Select Financials Fund, L.P., Tricadia Select Financials Fund, Ltd.

#### **Fund strategies and related risks:**

##### -Fundamental

- *Description:* This strategy involves measuring the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).
- *Risks:* Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

#### **Types of investments and related risks:**

##### -Public and private regional and community bank equity interests

- *Related risks:*
  - These investments are inherently risky. Since 2009, the FDIC has shut down over 100 banks, primarily because the banks owned defaulted loans. The problem was particularly acute with banks that owned residential mortgages as large numbers of homeowners defaulted. Should economic growth decline, mortgage defaults may

accelerate, and regional and community banks may hold even more defaulted loans increasing the rate of bank failures.

#### -Specialty finance equity interests

- *Related risks:*
  - These investments may be in the form of equity interests in issuers that invest in securities or otherwise hold assets which are subject to credit risk, market risk, interest rate risk, credit spread risk, selection risk, call and redemption risk and/or tax risk.
  - Credit risk is the risk that the obligor will be unable to pay scheduled principal and/or interest payments. In this regard, investing in non-investment grade obligations is riskier than investing in higher quality instruments. In addition, market value fluctuations may be larger and more frequent. Changes in the underlying obligor's financial results may affect the credit rating or the market's perception of its creditworthiness, which may affect the market value of the credit assets of that obligor. The degree of credit risk depends on the terms of the obligation as well as on the financial condition of the obligor in respect thereof.
  - Market risk is the risk that one or more markets to which the assets relate will decline in value, including the possibility that such markets will deteriorate sharply and unpredictably, which will likely impair the market value of the related obligations.
  - With respect to fixed-rate obligations, interest rate risk is the risk that the market value of these obligations will change in response to changes in the interest rate environment or other developments that may affect the fixed income market generally. When market interest rates go up, the market value of existing fixed rate obligations goes down and obligations with longer maturities are typically affected more by changes in interest rates than obligations with shorter maturities. Because market interest rates continue to be near their lowest levels in many years, there is a greater risk that prevailing interest rates increase in the future and, as a result, that these obligations may decline in market value. With respect to floating-rate obligations, interest rate risk is the risk that defaults on these obligations will increase during periods of rising interest rates and, during periods of declining interest rates, that obligors may exercise their option to prepay principal earlier than scheduled.
  - Credit spread risk is the risk that the market value of fixed income obligations will change in response to changes in perceived or actual credit risk beyond changes that would be attributable to changes, if any, in interest rates.
  - Call and redemption risk is the risk that debt instruments will be called or redeemed prior to maturity at a time when yields on other debt instruments in which the call or redemption proceeds could be invested are lower than the yield on the called or redeemed instrument. Any one of these risks may materially and adversely affect the value of our assets, results of operations and financial condition.

#### -Private equity investments

- *Related risks:* See risk factors related to private equity investments in **Section 8-A** above.

#### - Equity

- *Related risks:* See risk factors related to private equity investments in **Section 8-A** above.

8-D

**Fund:** Tricadia Convexity Fund, L.P., Tricadia Convexity Fund, Ltd.

#### **Fund strategies and related risks:**

##### -Fundamental

- *Description:* This strategy involves engaging in high convexity, asymmetric strategies in order to achieve capital appreciation under adverse market conditions. Under this strategy, Tricadia does not seek to determine when adverse market conditions may develop, but instead attempts to position the Fund to benefit under adverse market conditions irrespective of Tricadia's view on the likelihood of those conditions developing.
- *Risks:* The market conditions under which Tricadia's strategies are designed to achieve maximum capital appreciation may not occur, or Tricadia may not be able to fully take advantage of any adverse market conditions. Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the security.

#### **Types of investments and related risks:**

##### -ABS

- *Related risks:* See risk factors related to ABS in **Section 8-A** above.

##### -MBS

- *Related risks:* See risk factors related to MBS in **Section 8-A** above.

##### -CDOs

- *Related risks:* See risk factors related to CDOs in **Section 8-A** above.

-Fixed-income securities

- *Related risks:* See risk factors related to Fixed-income securities in **Section 8-A** above.

-Derivative instruments

- *Related risks:* See risk factors related to derivative instruments in **Section 8-A** above.

-Futures Contracts

- *Related risks:* See risk factors related to derivative instruments in **Section 8-A** above.

-Options

- *Related risks:* See risk factors related to derivative instruments in **Section 8-A** above.

-Private equity investments

- *Related risks:* See risk factors related to private equity investments in **Section 8-A** above.

-Equity

- *Related risks:* See risk factors related to equity in **Section 8-A** above.

## **Item 9 – Disciplinary Information**

Form ADV Part 2 requires investment advisers such as Tricadia to disclose legal or disciplinary events involving the firm or its partners, officers, or principals that are material to your evaluation of its advisory business or the integrity of its management. At this time, Tricadia has no information to report that is applicable to this item.

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

### **Investment Advisers**

Generally

Tricadia has two related parties that are registered investment advisers, Tricadia CDO Management, LLC (“Tricadia CDO”) and Tiptree Asset Management Company, LLC (“TAMCO”). Tricadia CDO and TAMCO are separately registered with the SEC under file numbers 801-62492 (Tricadia CDO) and 801-76681 (TAMCO).



Tricadia is also registered as a commodity pool operator with the Commodity Futures Trading Commission under National Futures Association identification number 0392426.

Tricadia Capital (filing adviser) files its Form ADV together with Tricadia Capital, LLC, Tricadia Distressed and Special Situations GP, LLC, Tricadia Distressed and Special Situations II GP, LLC, Tricadia Europe LLP, Tricadia Financials GP, LLC, SCOPES II GP, LLC and Tricadia Convexity GP, LLC (relying advisers) through which, as described in Item 4 above, Tricadia may provide investment advice. TAMCO (filing adviser) files its Form ADV together with Telos Asset Management LLC and Muni Capital Management, LLC (relying advisers).

Tricadia is also associated with Mariner Investment Group, LLC ("Mariner"), an investment adviser registered with the SEC under file number 801-62016. Mariner is also registered as a commodity pool operator under National Futures Association identification number 0249051. Mariner advises pooled investment vehicles and separately managed accounts.

MIG Holdings, LLC, the parent company of Mariner, holds non-voting equity interests in the parent companies of Tricadia. Pursuant to an agreement between Mariner and Tricadia Holdings, L.P., Mariner or its affiliates currently provide corporate accounting and information technology support services to Tricadia and its affiliates.

#### Conflicts

See "Pooled Investment Vehicles- Conflicts" below.

### **Mariner Group Capital Markets, Mariner Europe and Mariner Japan**

#### Generally

Through its relationship with Mariner, Tricadia is also associated with Mariner Group Capital Markets, Inc. ("Mariner Group Capital Markets"), a broker-dealer registered with the SEC and a FINRA member. Mariner Group Capital Markets is a limited purpose broker-dealer and, with limited exception, generally serves as placement agent in private offerings of Tricadia Funds in the United States and Canada. Mariner Group Capital Markets does not maintain client accounts or execute securities transactions on behalf of clients and Tricadia does not execute trades on behalf of its investment advisory clients through Mariner Group Capital Markets.

Through its relationship with Mariner, Tricadia is also associated with Mariner Investment (Europe) LLP ("Mariner Europe") and Mariner Japan Inc. ("Mariner Japan"). Mariner Europe is a Mariner affiliate located in London and is authorized and regulated by the Financial Conduct Authority in the United Kingdom. Mariner Japan, a Mariner affiliate located in Tokyo, is registered with the Kanto Finance Bureau and regulated by the Financial Services Agency – Japan.

Individuals hired or otherwise associated with Mariner Europe or Mariner Japan may serve as placement agents in private offerings of interests in Tricadia Funds.

#### Conflicts

### *Compensation provides an incentive to recommend Tricadia products*

To the extent that Mariner Group Capital Markets, Mariner Europe and Mariner Japan personnel receive compensation for selling Tricadia products, they have a conflict of interest in consulting with prospective clients and investors as to the opening and closing of an Advisory Account (for clients) and the purchase and sale of interests in the Tricadia Funds (for investors). Tricadia discloses this conflict to potential investors in the Tricadia Funds.

## **Back Office Services Group**

### Generally

Through its relationship with Mariner, Tricadia is associated with The Back Office Services Group, LLC ("**BOSG**"), an affiliate of Mariner. BOSG provides certain accounting, administration and other back office services to clients, including the Tricadia Funds.

### Conflicts

*Tricadia may be incentivized to benefit financially BOSG as an associated party*

Tricadia may be incentivized to retain BOSG, an associated party, on behalf of its Advisory Accounts, and Tricadia's desire to benefit its associated party financially may conflict with Tricadia's duty to act in the best interests of its advisory clients.

Although BOSG's fees for its services to Tricadia clients are not negotiated at arm's-length, Tricadia believes those fees to be reasonable in relation to the services provided and generally consistent with prevailing charges from third party providers of the same services. However, there can be no assurance that the Tricadia Funds would not be able to obtain the services provided by BOSG from BOSG or another service provider at a lower cost if the terms were subject to an arm's-length negotiation. Generally, in the discretion of a Tricadia Fund's manager or general partner (as applicable), the Tricadia Fund may terminate its relationship with BOSG as necessary and employ another affiliated or unaffiliated entity to perform those services.

## **Tiptree**

### Generally

Tricadia is affiliated with Tiptree Inc. (formerly known as Tiptree Financial Inc.) and Tiptree Financial Partners, L.P. (collectively, "Tiptree"). Tiptree was established in 2007 and was managed by Tricadia or its affiliates until June 2012. Tiptree owns several financial services business. Tiptree Inc. is traded on the NASDAQ under the symbol "TIPT". One of Tiptree's subsidiaries, TAMCO, is registered with the SEC as an investment adviser and primarily serves as collateral manager for issuers of securitized asset funds. While Tiptree and its subsidiaries largely have their own employees, executives and investment personnel, Michael Barnes, co-managing partner of Tricadia, serves as Executive Chairman of Tiptree.

## Conflicts

### *Allocation of Business Time between Tricadia and Tiptree*

Although he will devote as much time to Tricadia's Advisory Accounts as he deems appropriate to perform his advisory duties, Michael Barnes may have conflicts in allocating his time and services among Tricadia's Advisory Accounts and Tiptree. Accordingly, during certain periods or in certain circumstances, Michael Barnes may be unable as a result of such conflicts to make investments or to take other actions that he might consider to be in the best interests of Tricadia's clients. Michael Barnes intends to devote such time and attention to the business and affairs of each Advisory Account as he deems necessary.

### *Allocation of Investment Opportunities Between Tricadia and Tiptree*

Neither Tricadia nor Tiptree will generally be required to offer investment opportunities of which they become aware to the other party or any benefit received by them from any such investment opportunity or to inform the other party of any such investments. In addition, both Tricadia or Tiptree may make an investment on its own behalf (in the case of Tiptree), or on behalf of funds or accounts that they or any subsidiary thereof manages or advises, without offering such investment opportunity to the other party or making any such investments on behalf of the other party (or clients of the other party). Affirmative obligations may exist or may arise in the future, whereby Tricadia or Tiptree are obligated to offer certain investments to the other party before or without participating in such opportunity. Tricadia or Tiptree may make investments on behalf of itself (in the case of Tiptree), or on behalf of funds or accounts that they or any subsidiary thereof manages or advises, that the other party has declined to invest in for its own account (in the case of Tiptree) or the account of any of its clients.

Please see below for information regarding Tricadia's trade allocation and aggregation of trade policies, and Item 11 below for information regarding Tricadia's Code of Ethics.

## **ORIX**

### Generally

Mariner is affiliated with ORIX USA Corporation ("ORIX"). ORIX receives a portion of Mariner's revenues through its ownership interest (the "ORIX Interest") in MIG Holdings LLC.

## Conflicts

### *Preferential treatment for ORIX as an investor in the Tricadia Funds*

As ORIX holds the ORIX Interest, it may be an investor in certain Advisory Accounts and has the right (but not the obligation) to provide additional financing to MIG Holdings LLC or contribute additional funds to Advisory Accounts, numerous conflicts of interest exist (or may in the future exist). For example, Tricadia may feel obligated or otherwise deem it advisable to permit ORIX to invest in Advisory Accounts on terms (for example, preferential investment, withdrawal and distribution rights, favorable trade allocations and pricing, lower fees and transparency) that are better than those available to other unaffiliated investors.

Please see below for information regarding Tricadia's trade allocation and aggregation of trade policies, and Item 11 below for information regarding Tricadia's Code of Ethics.

### *Incentive to retain ORIX or its affiliates as service providers*

ORIX or its affiliates are likely to act as service providers to Tricadia or its clients from time to time. When ORIX or its affiliates in the future act as service providers (for example, as a broker-dealer or lender) to Tricadia or its clients, ORIX or its affiliates (as applicable) will receive compensation for services provided to Tricadia or its clients (as applicable). Tricadia may be incentivized to select and retain ORIX or its affiliates as service providers for Tricadia or its clients, regardless of whether ORIX or its affiliates may be more costly than or provide lesser quality services to Tricadia or its clients (as compared to non-ORIX affiliated service providers).

## **Credit Suisse Group AG**

### Generally

An affiliate of Credit Suisse Group AG ("Credit Suisse") holds a non-voting equity interest in Tricadia's parent company and certain affiliates. This interest entitles such holder to payments based on the revenues of the applicable Tricadia entities for a stated period of time.

### Conflicts

#### *Incentive to retain Credit Suisse or its affiliates as service providers*

Credit Suisse or its affiliates are likely to act as service providers to Tricadia or its clients from time to time. When Credit Suisse or its affiliates act as service providers (for example, as a broker-dealer or lender) to Tricadia or its clients, Credit Suisse or its affiliates (as applicable) will receive compensation for services provided to Tricadia or its clients (as applicable).

Tricadia may be incentivized to select and retain Credit Suisse or its affiliates as service providers for Tricadia or its clients, regardless of whether Credit Suisse or its affiliates may be more costly than or provide lesser quality services to Tricadia or its clients (as compared to non-Credit Suisse affiliated service providers).

## **Board/Creditor Committee Representation**

### Generally

Investment personnel of Tricadia or its affiliates may serve as members of the board of directors or a creditors' committee of a company the securities of which may be held in Advisory Accounts. The provision of services on a creditors' committee is typically the result of a subject issuer filing for bankruptcy or entering reorganization proceedings. As a general matter, employee membership on the board of a publicly traded company or creditors' committee for a debtor in bankruptcy requires pre-clearance from Tricadia's Chief Compliance Officer, and may be permitted when it is deemed to be in the best interest of Tricadia and/or its clients or in their respective or collective opinion does not otherwise present an unreasonable risk.

### Conflicts

*Tricadia may not be permitted to disclose certain information*

As a member of such a committee, investment personnel of Tricadia or its affiliates may acquire material non-public information about corporations or other entities or their securities. Tricadia and its affiliates are not obligated, and may not be permitted, to disclose any of that information to or for the benefit of their clients, or otherwise act on the basis of that information in providing services to its clients. This may cause a conflict of interest between Tricadia's (or its affiliates') legal and/or contractual duty not to disclose material non-public information and its duty to act in the best interest of its advisory clients.

Tricadia gives careful consideration to the benefits and drawbacks associated with personnel serving as a member of the board of directors or a creditors' committee. Whenever practicable and appropriate, Tricadia seeks to limit the application of contractual or regulatory restrictions on its trading activity. These types of restrictions are an inherent risk associated with the active management of certain types of assets (for example, bank debt or distressed corporate bonds) and cannot be mitigated in all cases.

## **Pooled Investment Vehicles**

### Generally

Tricadia currently advises pooled investment vehicles and separately managed accounts, as described in Item 4 above. Tricadia CDO also advises pooled investment vehicles. In addition, TAMCO advises pooled investment vehicles and separately managed accounts.

### Conflicts

*Tricadia may engage in activities (on behalf of itself or other clients) which may conflict with its activities on behalf of a client*

Subject to Tricadia's Code of Ethics and other conflict mitigation policies and procedures implemented by it (as applicable), Tricadia, or its affiliates, and any of their respective partners, directors, members, officers and employees, may engage directly or indirectly in any business or other activities, including exercising investment advisory and management responsibility and buying, selling or otherwise dealing with securities for their own accounts, for the accounts of family members, for the accounts of any Funds and for the accounts of individual and institutional clients.

Tricadia and its affiliates may give advice and take action in the performance of their duties to one account which may differ from the timing and nature of action taken with respect to another account. For example, Tricadia Capital may recommend that a client take a long position in a particular security or instrument while, at the same time, Tricadia Capital is recommending that another client take a short position with respect to the same security or instrument. Therefore, the portfolio strategies that Tricadia or its affiliates use for one account could conflict with the transactions and strategies Tricadia employs in managing another Advisory Account and may affect the prices and availability of the securities and other financial instruments in which its clients invest.

Tricadia does not have an obligation to purchase or sell for any Advisory Account any investment which Tricadia or its affiliates, as applicable, may purchase or sell, or recommend for purchase or sale, for its or their own accounts, or for any other client account.

*Tricadia may have an incentive to favor certain clients (or itself) over others*

Some of the Funds and separately managed accounts sponsored and/or managed by Tricadia or its affiliates have overlapping objectives and strategies. Additionally, Tricadia or its affiliates may own interests in those Funds. In various circumstances, particularly when Tricadia or its affiliates sponsors a new Fund, if Tricadia or its affiliate provide most of the initial seed money, the Fund may be wholly or principally owned by Tricadia or its affiliates. Tricadia's (or its affiliates') ownership interest in these Advisory Accounts may give Tricadia an incentive to favor these Advisory Accounts over other Advisory Accounts. However, as discussed below, generally all Advisory Accounts managed using the same investment strategy will participate *pro rata* (based on the amount of available capital within an Advisory Account to a particular strategy) in all investment opportunities that Tricadia allocates to any other Advisory Account using that strategy. These allocations are subject to exceptions and subjective factors, as discussed below.

*Trade Aggregation*

If Tricadia or its affiliates believes that the purchase or sale of a security is in the best interest of more than one of their respective clients, it may (but is not obligated to) aggregate the orders to be purchased or sold to seek favorable execution or lower brokerage commissions, to the extent permitted by applicable regulation or law. However, Tricadia or its affiliates are not required to bunch or aggregate orders of their respective investment personnel to the extent that portfolio management decisions are made separately or if Tricadia or its affiliates (as applicable) determines

it would not be consistent with its investment management duties to do so. Aggregation of orders under these circumstances should, on average, decrease the cost of execution.

Due to prevailing trading activity, it is frequently not possible to receive the same price or execution on the entire volume of securities purchased or sold. When this occurs, the various prices may, in Tricadia's sole discretion, be averaged and participating Advisory Accounts will be charged or credited with the average price. In such cases, each client that participates in the aggregated transaction will share transaction costs *pro rata* based upon each client's participation in the transaction. Aggregation may advantage or disadvantage an Advisory Account.

#### *Allocation Practices - Generally*

When a transaction is suitable for more than one client, Tricadia and its affiliates will generally attempt to allocate purchase and sale opportunities on a fair and equitable basis over time among their respective clients. Tricadia and its affiliates may consider some or all of the following factors in making allocation decisions among Funds and other client accounts:

- investment objectives,
- investment policies,
- investment restrictions,
- risk tolerance,
- time horizon,
- tax sensitivity,
- desired capitalization range,
- nature and size of the account,
- suitability,
- tolerance for portfolio turnover,
- availability of cash or buying power,
- account "ramp-ups", and
- whether the Fund or other client account is eligible to participate in a trade pursuant to applicable compliance regulations.

Allocations are designed with a view towards ensuring that over time no Advisory Account (or group of Advisory Accounts) will be systematically favored over any other Advisory Account (or group of Advisory Accounts). Allocation methodologies may include *pro rata* (based on account

size or capital available for a particular investment strategy) or a “round robin” allocation as described further in Tricadia’s “Trade Aggregation and Allocation Policy” (that is, rotating the Advisory Accounts that do not participate in allocations due to the limited investment opportunities as described below). In the event an order is only partially filled, Tricadia will generally attempt to allocate the position *pro rata* based upon the original allocation statement (“Pro Rata”).

There are exceptions to this policy. For example, if the Pro Rata allocation results in a cash position that is different from the desired cash level, or if the position would be inconsistent with the investment objectives of one or more Advisory Accounts, Tricadia may deviate from the Pro Rata formula. Tricadia may also deviate from its policy in order to address liquidity concerns and other practical limitations associated with partial fills or small allocations by allocating to participating Advisory Accounts a minimum number of shares or bonds (such as 1,000 shares or 1,000 bonds).

Securities may not be allocated Pro Rata or otherwise as described above in the case of a transaction involving so few shares or bonds such that normal allocations among Advisory Accounts would be impracticable or result in a nonconforming allocation for one or more particular client (such as when securities only trade in larger blocks). In those cases, Tricadia personnel will use their best efforts to allocate amounts obtained from partial fills fairly.

On no less than a quarterly basis, Tricadia’s Chief Operating Officer will analyze Tricadia’s trade allocation policy to ensure that the allocation method has been fair and equitable (i.e., Advisory Accounts with similar investment strategies achieve similar allocation results over time), in the manner discussed in Tricadia’s “Trade Aggregation and Allocation Policy”.

#### *Allocations Practices - Structured Investments*

Tricadia and its affiliates manage multiple Funds and other advisory accounts that invest in collateralized debt obligations (“CDOs”), asset backed securities (“ABS”) and other structured investments (such as collateral loan obligations (“CLOs”), collateral bond obligations and other similar investments) (collectively, “Structured Investments”). CDOs are instruments representing interests in pools, the underlying asset classes of which may include bonds, debentures, syndicated loans or private placement debt. Tricadia CDO manages accounts that invest almost exclusively in Structured Investments (including ABS and CDOs).

In following the allocation policy described above, it is possible that the allocation process will at times result in Tricadia or its affiliates allocating more valuable Structured Investments to their respective client accounts that:

- pay higher fees;
- are partially or wholly owned by Tricadia, its affiliates or their employees; or
- Tricadia or its affiliates otherwise have a financial or reputational incentive to favor over other client accounts.



Tricadia or its affiliates may cause its clients to share proportionately in the legal fees and other expenses it incurs in investigating and negotiating potential transactions for those clients.

Tricadia may cause its Advisory Accounts to invest in Affiliated Funds. Tricadia or its affiliates, in its capacity as manager, general partner or investment adviser to the Affiliated Funds, may receive ongoing fees from its activities as manager, general partner or investment adviser. Accordingly, Tricadia or its affiliates will face conflicts of interest when purchasing and selling those securities.

#### *Tricadia May Be Incentivized to Allocate Shared Expenses to Certain Advisory Accounts*

In general, each Advisory Account will bear all of its ordinary administrative and operating expenses, including, without limitation, entity-level taxes, its pro rata share of the Advisory Account's ordinary and recurring investment expenses, including the Advisory Board expenses and fees, custodial costs, brokerage costs and interest charges with respect to the investment of the Advisory Account's assets and risk management expenses, consulting fees, administrator fees, external legal, external accounting and auditing expenses incurred in preparing, printing and delivering all reports, insurance premiums and all filing costs and fees, as well as the cost or any fees related to the monitoring or purchase of Advisory Account assets, including, without limitation, the cost of any research software, pricing facilities, credit databases, expert networks or other research services used by Tricadia on behalf of such Advisory Account. Each Advisory Account will also pay any extraordinary expenses it may incur, including any litigation and indemnification expenses.

While Tricadia seeks to allocate expenses in accordance with its fiduciary duties and contractual obligations, Tricadia may be incentivized to allocate shared expenses to Advisory Accounts and away from Tricadia or its affiliates.

## **Item 11 – Code of Ethics**

### **General Conflicts as to Tricadia**

Tricadia is a multi-product investment adviser that has several related or associated parties as described above in Item 10. As such, Tricadia and its affiliates (collectively, the "Firm") and their partners, officers and employees ("Personnel") may have multiple advisory, transactional, financial and other interests in securities, instruments, companies or investment vehicles that may be purchased or sold by Tricadia for the Advisory Accounts. Tricadia has established a variety of restrictions, procedures, and disclosures designed to address conflicts of interest arising between Advisory Accounts on the one hand and the Firm's business on the other.

It is Tricadia's policy that Personnel involved in decision-making for Advisory Accounts must seek to act in the best interest of their advisory clients. More specifically, where asset management Personnel ("Advisory Personnel") know of conflicts among Advisory Accounts or between Advisory Accounts and the Firm and/or Personnel, it is Tricadia's policy to disclose their existence through

delivery of this Brochure or otherwise at Tricadia's discretion depending upon the circumstances, and to comply with legal requirements, if relevant, with respect to obtaining consents or other approvals.

## **Cross Trades and Principal Trades**

### *Tricadia may cause its clients to make investments in affiliated entities*

Tricadia or its affiliates may act in multiple capacities (for example, act as principal or agent as described below in addition to acting as adviser on behalf of a client), and may effect transactions with or for an account in instances in which Tricadia, its affiliates and/or their personnel may have multiple interests. Tricadia may invest Advisory Accounts, or recommend that clients invest, in Affiliated Funds. Investments in Affiliated Funds may be of any class or category of shares with the understanding that fees associated with such class or category need not be the lowest fees offered.

### *Tricadia may be compensated for causing its clients to make investments in affiliated entities*

In addition, Tricadia has no obligation to determine whether investments in other Affiliated Funds or a comparable, non-affiliated collective investment fund or vehicle, would be subject to lower fees and expenses. In connection with such investment, unless provided otherwise in the client's advisory agreement, the client will pay all fees pertaining to the Affiliated Fund and no portion of the Affiliated Fund's advisory, administrative or other fees will be offset against fees payable in accordance with the advisory agreement. The client may prospectively revoke its consent to invest in Affiliated Funds at any time by written notice to Tricadia.

### *Tricadia personnel may engage in principal trades*

Personnel may invest in the Tricadia Funds and, in such regard, purchase securities from a "client". As a result of their affiliation with the Firm, Personnel generally are permitted to invest in classes of interests or shares offered by the Tricadia Funds that waive or do not charge management fees and performance-based fees.

In the event that Tricadia or its affiliates are required to sell any remaining assets in a Fund following the expiration of a Fund's term, Tricadia or its affiliates (as applicable under the terms of the Fund documentation) will be permitted to bid on such assets on normal commercial terms and on an arm's-length basis; provided, however, that Tricadia or one of more of its affiliates purchases the relevant asset at a price at least equal to the market value of the relevant asset.

### *Tricadia may cause its clients to engage in cross trades*

In accordance with Tricadia's policy regarding cross trades, Tricadia may buy and sell the same security between Advisory Accounts when it believes, in its sole discretion, that such a transaction would be advantageous or otherwise beneficial to each of the Advisory Accounts involved. For example, a cross trade may be effected in a less liquid or otherwise difficult to transact in security (for example, difficult to locate or hard to borrow short), when, in the professional opinion of Advisory Personnel, it would reduce the risk of market impact or otherwise reduce the costs associated with the contemplated trade. Certain Advisory Accounts limit or place conditions on cross trades. These limits or conditions are set forth in the applicable documentation for the Advisory Accounts.

## **Letters of Understanding or “Side Letters”**

The Tricadia Funds and/or Tricadia or its affiliates often enter into letters of understanding granting investors or third parties (for example, financial institutions that provide financing to Tricadia or its clients) different rights, including but not limited to, rights relating to fees, liquidity, transparency and reporting (“Letters of Understanding”). No Letter of Understanding provided to an investor or a third party by a Tricadia Fund and/or Tricadia or its affiliates will necessarily entitle any other investor or third party to the rights granted in such letter. Letters of Understanding are typically confidential and not disclosed to other investors.

## **Portfolio Transparency**

Tricadia will make a Tricadia Fund's portfolio available to investors in connection with in-person meetings or by webcast in connection with telephonic meetings. Tricadia may also agree to make a portfolio available to certain investors at other specified times. Tricadia may also make portfolios available, on a time lag basis, to risk measurement platforms (such as RiskMetrics and Measurisk) that provide risk monitoring, modeling or measurement services, but agree to keep position-level identifying information confidential, except on an aggregate basis with other funds. In addition, Tricadia makes available on request certain supplemental information concerning certain Advisory Accounts, including risk and exposure information for such Advisory Account in the Open Protocol format. Furthermore, investors in some Tricadia Funds or Advisory Accounts may have greater transparency to their portfolios than investors in other Tricadia Funds or Advisory Accounts, which portfolios may have significant overlap with other Tricadia Funds or Advisory Accounts' portfolios.

## **Tricadia’s Code of Ethics**

In the ordinary course of performing its investment advisory services and under specific conditions, Tricadia and its affiliates may recommend to their respective clients the purchase or sale of securities (or various classes of the same security) in which Tricadia, its affiliates and/or their personnel also have a position or interest. For example, Tricadia may recommend to one or more Advisory Accounts that they purchase or sell interests in Affiliated Funds.

In addition, Personnel and other related persons of Tricadia may buy and sell for their own personal accounts securities that are recommended to clients. As described more fully below, Tricadia has adopted a Code of Ethics (the “Code”) that, among other things, regulates personal transactions in such a manner that Tricadia’s primary obligation of fiduciary duty to its clients is satisfied.

Pursuant to Rule 204A-1 of the Advisers Act, Tricadia has adopted a Code which sets forth standards of business and personal conduct for all Tricadia employees. All Tricadia employees are deemed “Access Persons” (e.g., employees who have regular access to information relating to client security transactions) and are subject to all of the responsibilities under the Code. Every employee is trained (at the time of hire and periodically thereafter) concerning the Code and is required to certify annually to their compliance and understanding of the Code’s requirements.

The Code is predicated on the basic principle that employees of Tricadia will adhere to the high ethical standards and fiduciary principles, and must:

- place client interests first;
- engage in personal securities transactions consistent with the Code and disclose, mitigate or avoid any actual or apparent conflict of interest or any abuse of position of trust and responsibility;
- keep security holdings and financial circumstances of clients confidential; and
- adhere to the principal that independence in the investment decision-making process is of paramount importance.

In addition to the Code, Tricadia's compliance program is comprised of several policies, guidelines and procedures that promote ethical practices and conduct by all employees. The following policies and procedures, among others, are designed to address potential conflicts of interest:

- Gifts & Entertainment Policy;
- Political Contributions and Public Positions;
- Inside Information Policy and Procedures;
- Restricted List Policy;
- Informational Barrier Policy;
- Market Manipulation and Intentional Spreading of False or Misleading Information;
- Outside Business Activities;
- Anti-Corruption; and
- Conflict of Interest Disclosure and Mitigation Policy.

Tricadia prohibits the use of material non-public information ("inside information") and maintains a Restricted List of securities that, in general, may not be purchased by its employees for their own accounts or for Advisory Accounts because of the actual or possible possession of inside information. Access Persons are prohibited from purchasing initial public offerings, except with the express written approval of Tricadia's Chief Compliance Officer in accordance with the Code.

The Code limits personal investment activity and requires that all employees disclose all security holdings and accounts in which they or a "family member" have a beneficial interest. Tricadia's Legal/Compliance Department also receives duplicate confirms and account statements reflecting relevant activity in those accounts. Employees are prohibited from purchasing any security, with limited exceptions, including U.S. Treasury obligations, certain exchange-traded funds (e.g., QQQ,

SPDRs etc.) and registered open-end mutual fund shares. In addition, subject to pre-clearance by the Compliance Department, the following non-exempt securities may be purchased by employees: municipal securities, closed-end funds and interests in other private entities such as hedge funds. Other than the above, employees are generally prohibited from investing in securities.

Tricadia uses the Compliance Science Personal Trading Control Center ("PTCC system") to monitor personal investment activity, receive and approve/deny personal securities transactions, and distribute and receive compliance certifications. Trade notifications are sent directly to Tricadia's Legal/Compliance Department, which will alert them of any trades that were made without pre-clearance. In addition, each employee must request authorization to trade non-exempt securities in their personal accounts prior to making the trade.

Quarterly Transaction Reports and Annual Securities Holdings Certifications are distributed to all employees through the PTCC system and logged and retained by Tricadia's Legal/Compliance Department using this system.

Exceptions to these policies and procedures may, from time to time, be granted where Tricadia believes that the expected activity would not be likely to compromise client interests. An employee's violation of the Code can result in remedial measures including disgorgement of profits (if any), and depending upon the facts or circumstances, more severe actions up to and including monetary fines and termination of employment. Advisory Personnel are discouraged from frequent personal trading.

Access Persons generally are prohibited from serving as board members of a publicly-traded company; however, as noted above in Item 10, exceptions may be permitted by Tricadia's Chief Compliance Officer when it is deemed to be in the best interest of Tricadia and/or its clients or in their respective or collective opinion does not otherwise present an unreasonable risk (for example, Michael Barnes serves as Executive Chairman of Tiptree Inc.). The Firm shall have no obligation to recommend for purchase or sale by any Advisory Account any instrument that Tricadia or Personnel may purchase for themselves or for any other clients. Tricadia shall have no obligation to seek to obtain material non-public information about any issuer of securities, nor to effect transactions for Advisory Accounts on the basis of any inside information as may come into its possession.

The ability of Tricadia to effect or recommend transactions for Advisory Accounts may be restricted by applicable regulatory requirements or the Firm's internal policies. As a result, there may be periods when Tricadia may not be able to initiate or recommend certain types of transactions for such clients, may not acquire certain instruments, or may dispose of certain instruments in an Advisory Account when aggregate position limits established by the Firm or by regulators have been reached, or in other circumstances, and advisory clients will not be advised of that fact. Also, without limitation, regulatory or contractual or other limitations or considerations related to effecting transactions for certain of Tricadia's Advisory Accounts may not apply to other Advisory Accounts, resulting in differences among Advisory Accounts.

Unless approved by Tricadia's Chief Compliance Officer, Access Persons may not undertake other business activities outside of Tricadia that may cause, or appear to cause, any conflict of interest, and Access Persons must disclose all directorships in businesses and other interests in businesses where they either have a controlling or influencing position or receive monetary or other compensation for their involvement in that business. Each Access Person is required to report to Tricadia certain types of securities transactions in personal accounts in which they have a "beneficial Interest," including arranging for duplicate transaction confirmations to be sent to Tricadia as well as completing initial, quarterly and annual reports.

Tricadia's clients, prospective Tricadia clients or investors in Tricadia Funds may obtain a complete copy of the Tricadia's Code of Ethics free of charge by submitting a written request to Tricadia's Legal/Compliance Department at 780 Third Avenue, 29<sup>th</sup> Floor, New York, New York 10017 or by contacting Tricadia's Chief Compliance Officer at (212) 891-5023.

### **Other Actual or Potential Conflicts of Interests**

#### *Potential for Conflicting Trading Activity*

See "Pooled Investment Vehicles- Conflicts- *Tricadia may engage in activities (on behalf of itself or other clients) which may conflict with its activities on behalf of a client*" in Item 10 above.

#### *Conflicts Regarding Valuation and Other Matters*

Tricadia will be responsible for a variety of important matters affecting each Advisory Account. Among other matters, Tricadia will assist the applicable administrator and back office service provider with identifying pricing sources (including third-party vendors and broker-dealer marks) or otherwise determining the value of the securities and other instruments held by such Advisory Account. Such valuation affects reported Advisory Account performance, the calculation of any performance-based fee due to Tricadia as well as the calculation of the related management fee. Although Tricadia has instituted methods of valuing different types of investments, which generally involve current market price information, there may be investments as to which the administrator and back office service provider have certain elements of discretion in determining valuation.

## **Item 12 – Brokerage Practices**

### **Selection of Broker-Dealers**

Tricadia generally has the authority to determine without client consultation or consent the broker-dealer or other counterparty through which securities or other instruments are bought and sold, and the commission rates or dealer spreads at which transactions are effected. However, a client may limit Tricadia's discretionary authority over its Advisory Account and instruct Tricadia as to which broker-dealer(s) it should use to execute securities transactions on behalf of its Advisory Account. In those cases, Tricadia may be unable to achieve most favorable execution of client

transactions. Therefore, clients who elect to select the broker-dealer(s) for execution of securities transactions on behalf of their account may incur greater costs (than clients who do not elect directed brokerage). For example, a client may pay higher brokerage commissions because Tricadia may not be able to aggregate orders to reduce transaction costs, or the client may receive less favorable prices. Tricadia will negotiate the scope of its authority with each client on an individual basis as requested.

In placing orders for the purchase and sale of securities for clients, Tricadia's policy is to seek the best execution of orders on an overall basis, which means that it seeks to ensure that the client's total cost or proceeds is the most favorable under the circumstances. Tricadia does not adhere to any rigid formulas in making its selection of broker-dealers to effectuate securities transactions on behalf of its clients, but weighs a combination of factors or criteria. For example, in selecting brokers to effect portfolio transactions, the determination of what is expected to result in best execution on an overall basis involves a number of factors, including:

- a broker's reliability, reputation and experience in the industry,
- financial stability,
- capital commitment,
- efficiency in executing and clearing transactions (for example, ability to prospect for and provide liquidity and block trades, while avoiding unwanted market impact),
- competitive commission rates, markups and other fees and spreads, and
- general responsiveness.

Tricadia may also take into consideration research (such as investment ideas, quantitative analysis, historical data, analytical, statistical and other information) and services provided by the broker (such as periodic electronic reports).

In selecting broker-dealers for execution of securities transactions for client accounts, Tricadia may also consider a broker's assistance with arranging for representatives of Tricadia to speak at conferences and programs sponsored by the broker for investors interested in investing in hedge funds (the "Capital Introduction Events"). Through such Capital Introduction Events, prospective clients (or investors in clients managed or advised by Tricadia or its affiliates such as hedge funds), have the opportunity to meet with Tricadia representatives. Currently, Tricadia and its affiliates do not compensate brokers for organizing such events or for any investments ultimately made by prospective investors attending such events (although they may do so in the future).

Additionally, Tricadia and its affiliates may do business with (for example, effect securities transactions with) broker-dealers that have consulting or other divisions that refer business to the Firm, but Tricadia does not have any agreement or other understanding (either written or oral) to do so based upon that brokerage. Tricadia's practice of taking into account client referrals from



broker-dealers when selecting broker-dealers for client accounts creates a conflict of interest for Tricadia, as it may have an incentive to select or recommend a broker-dealer based on Tricadia's interest in receiving client referrals (rather than on Tricadia's clients' interest in receiving most favorable execution).

For many transactions involving debt obligations, the markets in which Tricadia trades are over-the-counter ("OTC") markets in which there are no brokerage commissions, although mark-ups, mark-downs and clearing, and other transaction costs are applicable. Tricadia buys and sells securities on behalf of Advisory Accounts at the prevailing bid-ask spreads. Tricadia may also effect transactions in OTC securities or derivatives on an agency basis when liquidity permits. The purchase price of an OTC security or derivative acquired in an agency transaction could include compensation to the broker-dealer in the form of a mark-up relative to the broker-dealer's original cost in addition to a commission. Tricadia believes that each Advisory Account has access, through direct contact with primary dealers and financial institutions, to fully competitive prices.

### **Borrowing**

To the extent a Tricadia Fund uses leverage, it may borrow from a broker (such as a prime broker or other key counter-party or service provider of the Fund or Tricadia) at arm's-length rates. If any Advisory Account engages in short sales, Tricadia may cause the Advisory Account to borrow the securities sold short from an unaffiliated broker and that broker will earn and retain any interest in connection with the borrowing.

### **Trade Errors**

Tricadia seeks to exercise due care in making and implementing investment decisions on behalf its clients. If a trade error occurs, it is Tricadia's policy to seek to correct the trade error as soon after discovery as is reasonably practicable, consistent with the orderly disposition (and/or acquisition) of the securities in question. As a general matter, subject to the governing documents of the Advisory Accounts, actual losses in an Advisory Account as a result of a trade error caused by Tricadia will be reimbursed by Tricadia; however, Tricadia does not compensate its clients for lost investment opportunities (such as its failure to take advantage of investment or market improvements). Any gains in an Advisory Account as a result of a trade error caused by Tricadia will remain in the Advisory Account.

As a general matter, netting of gains and losses between Advisory Accounts is not permissible. Netting of gains and losses for one Advisory Account may be permitted, however, in circumstances in which more than one transaction may be effected to correct one or more trade errors made as a result of a single (or related) investment decision(s). Netting of gains and losses may also be permitted in the circumstances in which multiple trade errors resulting from more than one investment decision occur in the same Advisory Account on the same day. It is Tricadia's policy that broker-dealers may not assume responsibility for trade error losses caused by Tricadia, and Tricadia does not enter into reciprocal arrangements between Tricadia and a broker with respect to

the trade error in question (or any other trade) to encourage the broker to assume responsibility for such losses.

### **Item 13 – Review of Accounts**

Client accounts are monitored on no less than a weekly basis by at least one of Tricadia’s co-Chief Investment Officers as well as its Chief Operating Officer and Head of Risk Management. Matters reviewed generally include specific investments held, the percentage of assets in various types of asset classes and the relative and generally absolute performance of the account.

Tricadia generally furnishes clients with quarterly reports listing the market value and other relevant information concerning the account. In addition, Tricadia also provides certain reports to investors (each an “Investor”) invested in the Tricadia Funds. Each Investor will annually receive audited financial statements prepared in accordance with GAAP of the applicable pooled investment vehicle generally within 120 days of the end of the applicable fiscal year. Tricadia also makes those additional reports as are appropriate to client or Investor relationships, as required by applicable law or regulation, or as contractually agreed upon in writing.

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

In addition to the arrangements with Mariner and Mariner Broker-Dealer described in Item 5 above, Tricadia may enter into arrangements with third parties, including its affiliated parties, whereby those third parties receive fees for referring clients to Tricadia or investors to Tricadia Funds. Tricadia compensates those third parties only if the client or investor is aware of the fee arrangement (through disclosures or acknowledgments included in a Fund’s subscription document) and the arrangement otherwise complies with applicable rules and regulations (for example, the requirements of Rule 206(4)-3 under the Advisers Act with respect to the Accounts and a form of general disclosure with respect to the Tricadia Funds).

### **Item 15 – Custody**

To the extent that Tricadia deducts fees directly from an Advisory Account or serves as the general partner or managing member of a Tricadia Fund, it is deemed to have custody of client assets.

All Advisory Account clients should receive, at least quarterly, account statements from the broker-dealer, bank, or other qualified custodian that maintains the client’s assets. Tricadia urges clients to carefully review those account statements and to compare the account statements received from their custodians with any statements they receive from Tricadia.

Tricadia generally provides Tricadia Fund investors with the applicable Fund's annual audited financial statements prepared by an independent public accountant.

## **Item 16 – Investment Discretion**

Tricadia generally receives and exercises discretionary authority to manage investments on behalf of its clients. As noted in Item 4 above, clients may impose limitations on this discretion with respect to: (i) the specific types of investments or asset classes that Tricadia will or will not purchase for their Advisory Accounts; (ii) the nature of the issuers of investments that Tricadia will or will not purchase for their Advisory Accounts; or (iii) the risk profile of instruments Tricadia will or will not purchase for their Advisory Accounts, or the risk profile of the Advisory Accounts as a whole. Clients may also direct Tricadia to use a particular broker-dealer or broker-dealers (please see Item 12 above for further information regarding directed brokerage).

Tricadia typically assumes this authority through a power of attorney or contract provision granted or entered into by a client, or through the constituent documents of a Fund.

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

### **Summary of Proxy Voting Policies and Procedures**

Pursuant to Rule 206(4)-6 under the Advisers Act, Tricadia is providing this summary of its proxy voting process, as well as information as to how you may obtain Tricadia's complete proxy voting policy and procedures and information as to how proxies were voted for securities held in Advisory Accounts including Funds.

Tricadia has adopted proxy voting policies and procedures designed to ensure that where its clients have delegated proxy voting authority to Tricadia, all proxies are voted in the best interest of its clients without regard to the interests of Tricadia or related parties. When a client retains Tricadia, the investment management agreement between Tricadia and the client generally dictates whether Tricadia will vote proxies on behalf of that client. A client may not direct Tricadia's vote in a particular solicitation.

Currently, Tricadia uses Institutional Shareholder Services Inc. ("ISS") as its third-party proxy voting service provider. If the client appoints Tricadia as its proxy voting agent, the client will also instruct Tricadia to vote its proxies in accordance with: (i) custom guidelines provided by the client or (ii) Tricadia's Standard Guidelines. Tricadia informs the client's custodian (including prime brokers) to send all proxies to ISS. Tricadia then informs ISS that the client has appointed Tricadia as its agent and instructs ISS as to which guidelines to follow.

Once the appropriate guidelines have been established, each proxy must be voted in accordance with those guidelines unless a Tricadia portfolio manager or associate portfolio manager believes that it is in the best interest of our client(s) to vote otherwise (the “dissent”). In order to mitigate any conflict of interest that may arise under those circumstances (between Tricadia’s self interest and its duty to act in the best interest of its clients), if a portfolio manager or associate portfolio manager wants to dissent, the following steps are taken:

- The portfolio manager or associate portfolio manager must draft a written dissent to the voting instruction and submit the dissent to Tricadia’s Chief Compliance Officer and Tricadia’s Legal/Compliance Department for review;
- All dissents are presented to Tricadia’s Compliance Committee for review.
- If Tricadia’s Chief Compliance Officer and Legal/Compliance Department collectively determine that no “Material Conflict” exists (as defined in Tricadia’s Proxy Voting Policy), then the dissent will be approved and ISS will be informed of the voting dissention.
- If Tricadia’s Chief Compliance Officer (in conjunction with its Legal/Compliance Department) determines that a Material Conflict exists, the matter will be referred to Tricadia’s Compliance Committee for consideration. In accordance with Tricadia’s procedures, the relevant Compliance Committee members will consider the matter and resolve the conflict as deemed appropriate under the circumstances.

Tricadia’s clients and investors in Tricadia Funds may obtain a complete copy of Tricadia’s Proxy Voting Policy and Procedures or information on how Tricadia voted proxies for their Advisory Accounts (or the relevant Tricadia Fund, as applicable) free of charge by submitting a written request to Tricadia’s Compliance Department at 780 Third Avenue, 29<sup>th</sup> Floor, New York, New York 10017 or by contacting Tricadia’s Chief Compliance Officer at (212) 891-5023.

### **Policies and Procedures for Filing Claims in Class Action Litigation**

Tricadia believes that it has a fiduciary responsibility to monitor securities class action suits and file claims on behalf of its clients. A class action is a civil lawsuit where a group or “class” is affected in the same manner or form. One or more representatives of the group file suit on behalf the class and a judge will initially decide whether or not the claims of the representatives arise from uniform facts or law common to all class members. If an individual or institution has a unique set of circumstances that might vary from the class, it may prove worthwhile for them to opt out of the class action and file suit individually.

Tricadia will arrange to file securities class action claims on behalf of their eligible clients unless a client instructs them otherwise. This policy applies to all Advisory Accounts managed by Tricadia or its affiliates.

## **Item 18 – Financial Information**

Form ADV Part 2 requires investment advisers such as Tricadia to disclose any financial condition reasonably likely to impair their ability to meet contractual commitments to clients. At this time, Tricadia has no information to report that is applicable to this item.

## **Other Information**

### **Anti-Money Laundering Policies and Procedures**

To help the government fight the funding of terrorism and money laundering activities, Tricadia (directly or through a service provider, such as a Fund administrator) seeks to obtain, verify, and record information that identifies clients who open Advisory Accounts with Tricadia or subscribe for an interest in a Tricadia Fund. When a client opens an Advisory Account with Tricadia, or subscribes for an interest in a Tricadia Fund, Tricadia (or the appropriate service provider) will ask for information (such as name, address, date of birth, identification number, a copy of a driver's license or other identifying documents or information) that enables Tricadia (or the appropriate service provider) to identify that client or investor in a manner that is consistent with applicable requirements and to share that information as required by applicable law or in connection with the execution of trades. For certain clients, Tricadia may rely (in whole or in part) on the client's investment adviser, broker-dealer, transfer agent or custodian to obtain, verify and record the required information.

### **Business Continuity Plan**

Tricadia's Business Continuity Plan ("BCP") is designed with an objective to provide for immediate, accurate and measured response to emergency situations and minimize the impact a specific disaster may have upon the safety and wellbeing of Tricadia's personnel and operations. The BCP details the processes in place should a disaster occur that causes temporary (or long term) displacement, including how Tricadia would: (i) protect against the loss or damage to organizational assets and critical information; and (ii) resume normal business activities, including the reinstatement of communications with outside contacts, during any extended outage or displacement period. Tricadia prepares for business interruptions in part by:

- Maintaining back-up facilities in New York (Harrison, New York City, and Wappingers Falls) that are equipped to handle critical operations should Tricadia's primary facilities be unavailable;
- Providing all Tricadia employees with the ability to log-in to the company's information and technology systems from home (including company email, Bloomberg services and other online disaster recovery systems), which allows Tricadia's portfolio managers, traders and

other key investment professionals to continue to perform critical investment-related responsibilities including trade execution and portfolio monitoring functions;

- Backing up critical data at secure off-site locations for use during a significant business interruption; and
- Designating a crisis management team composed of senior-level management to activate and manage the recovery and communication processes.

A designated senior executive reviews and approves the overall BCP on an annual basis (in consultation with other members of senior management team), while the Information Technology department reviews and maintains system-related components.

Although Tricadia has taken significant steps to implement what Tricadia believes is a reasonable business continuity plan, Tricadia cannot guarantee that its business processes will always be available or recoverable should a significant business interruption strike. However, Tricadia believes its business continuity strategy sufficiently reduces the risks associated with possible business interruptions.

If you have further questions regarding this BCP, please contact Tricadia's Chief Compliance Officer at (212) 891-5023. This information is subject to modification without notice.

#### **Privacy Statement (Notice)**

Please see below.

# FACTS

## WHAT DOES TRICADIA DO WITH YOUR PERSONAL INFORMATION?

### Why?

Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

### What?

The types of personal information we collect and share depend on the product or service we provide to you. This information can include:

- Social Security number and assets;
- Account balances and transaction history; and
- Investment experience and wire transfer instructions.

### How?

All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Tricadia chooses to share; and whether you can limit this sharing.

Reasons we can share your personal information	Does Tricadia share?	Can you limit this sharing?
<b>For our everyday business purposes –</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes –</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	No	We don't share
<b>For our affiliates' everyday business purposes –</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes –</b> information about your creditworthiness	No	We don't share
<b>For our affiliates to market to you</b>	Yes	Yes
<b>For non-affiliates to market to you</b>	No	We don't share

### To limit our sharing:

- Call (646) 388-5900

#### Please note:

If you are a *new* customer, we can begin sharing your information 30 days from the date we sent this notice. When you are *no longer* our customer, we may continue to share your information as described in this notice.

However, you can contact us at any time to limit our sharing.

### Questions?

Call (646) 388-5900

## Who we are

## Who is providing this notice?

Tricadia Capital Management, LLC, on behalf of Tricadia Credit Strategies, L.P., Tricadia Credit Strategies II, L.P., Tricadia Credit Strategies, Ltd., Tricadia Distressed and Special Situations Fund, L.P., Tricadia Distressed Special Situations, Ltd., Structured Credit Opportunities Fund II, L.P., Tricadia Distressed and Special Situations Fund II, L.P., Tricadia Distressed Special Situations II, Ltd., TNH Financials Fund, L.P., Tricadia Select Financials Fund, L.P., Tricadia Select Financials Fund, Ltd., Tricadia Convexity Fund, L.P. and Tricadia Convexity Fund, Ltd.

## What we do

## How does Tricadia protect my personal information?

To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

## How does Tricadia collect my personal information?

We collect your personal information, for example, when you:

- Give us your contact information;
- Open an account or buy securities from us; and
- Tell us where to send the money or make a wire transfer.

We also collect your personal information from others, such as credit bureaus, affiliates, or other companies.

## Why can't I limit all sharing?

Federal law gives you the right to limit only:

- sharing for affiliates' everyday business purposes – information about your creditworthiness;
- affiliates from using your information to market to you; and
- sharing for non-affiliates to market to you.

State laws and individual companies may give you additional rights to limit sharing.

## What happens when I limit sharing for an account I hold jointly with someone else?

Your choices will apply to everyone on your account.

## Definitions

## Affiliates

Companies related by common ownership or control. They can be financial and nonfinancial companies.

- *Our affiliates and associated parties include companies with a "Tricadia," "Mariner," "Tiptree," "Telos" or "Back Office Services Group" name.*

## Non-affiliates

Companies not related by common ownership or control. They can be financial and nonfinancial companies.

- *Tricadia does not share with non-affiliates so they can market to you.*



<b>Joint marketing</b>	<p>A formal agreement between non-affiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"><li>■ <i>Tricadia does not engage in joint marketing.</i></li></ul>
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