

**FIRM BROCHURE**

**TÅLAMOD ASSET MANAGEMENT, L.L.C.**

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**This brochure provides information about the qualifications and business practices of Tålmod Asset Management, LLC. If you have any questions about the information contained in this brochure, please contact us at (214) 965-9100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any other regulatory authority.**

**This brochure does not constitute an offer, solicitation or recommendation to sell or an offer to buy any securities, investment products or investment advisory services. Such an offer may only be made to eligible persons by means of delivery of applicable offering and governing documents that contain the material terms relating to such investments, products or services.**

**Additional information about Tålmod Asset Management, LLC also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

March 20, 2018

## **Item 2: Material Changes**

The date of the last annual updating amendment to our firm brochure was March 21, 2017. A summary of the material changes made to our firm brochure since the date of the last annual updating amendment is set forth below:

- In Item 8, we added details about our investment strategy as well as details about additional risk factors (valuation & operational risks), all of which may be material to investors in connection with the evaluation of an investment in a Fund.
- We added details about Other Fees and Expenses that our Fund's cover.

### Item 3: Table of Contents

Item 2: Material Changes .....	2
Item 3: Table of Contents .....	3
Item 4: Advisory Business .....	4
Item 5: Fees and Compensation .....	5
Item 6: Performance-Based Fees and Side-By-Side Management .....	8
Item 7: Types of Clients .....	9
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss .....	10
Item 9: Disciplinary Information .....	17
Item 10: Other Financial Industry Activities and Affiliations .....	18
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	19
Item 12: Brokerage Practices.....	20
Item 13: Review of Accounts .....	22
Item 14: Client Referrals and Other Compensation .....	23
Item 15: Custody .....	24
Item 16: Investment Discretion .....	25
Item 17: Voting Client Securities .....	26
Item 18: Financial Information.....	27
General Information .....	28
BROCHURE SUPPLEMENT.....	29
Item 2: Educational Background and Experience.....	30
Item 3: Disciplinary Information .....	31
Item 4: Other Business Activities .....	32
Item 5: Additional Compensation.....	33
Item 6: Supervision.....	34

## **Item 4: Advisory Business**

### **FIRM DESCRIPTION**

Tålmod Asset Management, LLC, a Delaware limited liability company and private investment advisory firm, was formed in 2008. We provide investment management services to private pooled investment vehicles with respect to investments in securities and financial instruments and have full discretionary investment management authority over investments made thereby. Our investment advice is provided in accordance with the investment objectives, strategies, restrictions and limitations contained in the applicable offering and/or governing documents of the Funds (as defined below), and the information in this brochure is qualified in its entirety by the information set forth in such documents.

### **PRINCIPAL OWNERS**

Andersen Fisher and Hunt-Tålmod, LLC (“Hunt”) are the sole members of Tålmod Asset Management, LLC. Hunt Private Partnerships, LLC is the sole member of Hunt, and CWK Operating Company, L.P. is the sole member of Hunt Private Partnerships, LLC. CWK Operating Company, L.P. is controlled by Hunt Investment Company, L.P., which is owned and controlled by entities that are controlled by Ray L. Hunt and certain of his children and their spouses.

### **TYPES OF ADVISORY SERVICES**

We serve as general partner of and investment manager to Tålmod Capital Partners, L.P., a Delaware limited partnership (the “Onshore Fund”) and Tålmod Master Fund, LP, a Cayman Islands exempted limited partnership (the “Master Fund”). We also serve as investment manager to Tålmod Capital Partners - Offshore, Ltd., a Cayman Islands exempted company (the “Offshore Fund,” and together with the Onshore Fund, the “Feeder Funds”). The Feeder Funds and the Master Fund are collectively referred to as the “Funds.” We may serve as general partner of and/or investment manager to other private investment funds, accounts and other persons in the future.

We generally are responsible for investing and re-investing the assets of each Fund in accordance with the investment objectives, strategies and guidelines set forth in its offering and governing documents. Each of the Feeder Funds invests substantially all of their respective assets in the Master Fund but may also make investments directly from time to time. Information about each of the Feeder Funds is set forth in its private placement memorandum and/or its governing documents. Investment in a Fund does not, in and of itself, create an advisory relationship between an investor in such Fund and us. **See Item 8 below.**

### **INVESTMENT RESTRICTIONS**

We provide investment advice to each Fund in accordance with the investment objectives, policies and guidelines set forth in the applicable offering and governing documents, and not in accordance with the individual needs or objectives of any particular investor in that Fund. Investors generally are not permitted to impose restrictions or limitations on the management of the Funds. Notwithstanding the foregoing, we have entered into and may in the future enter into side letter and similar agreements with one or more investors in a Fund that alter, modify or change the terms of the interests held by those investors. Standing side letters primarily contain customized fee arrangements and/or waivers of certain requirements.

### **ASSETS UNDER MANAGEMENT**

As of December 31, 2017, we had approximately \$168.6 million in regulatory assets under management. All of these assets were managed on a discretionary basis.

## Item 5: Fees and Compensation

### DESCRIPTION OF COMPENSATION AND FEE SCHEDULE

In consideration of our advisory services, we are entitled to receive management fees and our affiliate is entitled to receive performance-based allocations and/or fees with respect to the Funds. While fees and allocations are described in detail in each Fund's governing and/or offering documents, our basic advisory fee schedule is set forth below.

#### Management Fees

We generally are entitled to receive a management fee, payable with respect to each calendar quarter in advance, at a rate of between 0.25% (1.0% per annum) and 0.5% (2.0% per annum) of the aggregate value of each investor's capital account with the Master Fund. The rate of the management fee applicable to each investor varies depending upon the size of their investment.

Starting January 1, 2015, we announced our intent to reduce the management fee of all investors on a go-forward basis when certain milestones are met regarding the total net assets collectively managed in the Onshore and Offshore Funds. Using a starting point of \$100 million, it is our intent to reduce the management fee of each then-existing investors in the Funds by 10 basis points (0.1%) on the first day of the calendar year following each milestone when total net assets doubles (e.g., \$200 million, \$400 million, \$800 million, etc.).

#### Performance Allocations

In addition, one of our affiliates generally is entitled to receive an annual performance allocation equal to 20% of the portion of each investor's *pro rata* share of net profits of the Master Fund for each fiscal year in excess of net losses which have been allocated to such investor's capital account with the Master Fund and carried forward from prior years (*i.e.*, subject to a high-water mark), excluding any unrealized gains or losses with respect to any Special Investments (as defined below) of the Master Fund.

#### General

To the extent that a Feeder Fund holds investments directly (rather than through its limited partnership interests in the Master Fund), management fees and performance-based allocations will be charged at the Feeder Fund level in accordance with the terms described in the applicable offering documents.

Each investor in a Feeder Fund generally is required to represent, among other things, that it is a "qualified purchaser" as defined in Section 2(a)(51)(i)(A) of the Investment Company Act of 1940, as amended (the "Company Act").

Our advisory fees with respect to the Funds and each investor generally are not negotiable. However, we have entered into and may in the future enter into side letters or similar arrangements with certain investors that grant different terms (including the reduction or elimination of fees) to such investors than the terms generally applicable to other investors. Pursuant to side letters, certain affiliated investors are not currently required to pay any management fees.

### PAYMENT OF FEES

Management fees generally are payable by investors quarterly, in advance, as of the first business day of each quarter (after taking into account the allocation of net profit or net loss and withdrawals or distributions or other allocations to such investor's capital account effective as of the end of the preceding quarter and capital contributions as of the beginning of the current quarter, excluding any unrealized gains or losses with respect to Special Investments). Management fees are deducted directly from each investor's capital account with the Master Fund. In the event that a Fund is dissolved or an investor withdraws or redeems prior to the end of any calendar quarter, then a proportionate amount of any unearned management fees will be refunded to the applicable investor(s).

Performance allocations and/or fees generally are calculated and allocated as of the close of each fiscal year (and at such other times as set forth in the applicable governing documents). With respect to certain illiquid assets or securities ("Special Investments"), performance allocations are calculated and allocated as of the end of each fiscal period in which a realization or deemed realization of that Special Investment occurs, as described in the applicable governing documents. Performance allocations generally are re-allocated from an investor's capital account with the Master Fund to an affiliate's capital account with the Master Fund.

### OTHER FEES AND EXPENSES

We generally bear our own operating expenses, personnel, research services, office space, office equipment, supplies and other necessary operating, administrative and clerical services provided to each Fund. In addition to management fees and performance-based allocations, the Funds will bear all other legal, auditing and accounting fees and all other expenses of the Funds, including, without limitation, expenses relating to subscriptions for interests in the Funds, third-party administration fees, custodian fees, taxes and fees on securities transactions (including legal and transfer fees and expenses directly related to settlement of investment transactions, which may be capitalized or expensed at our discretion), interest on borrowed moneys, brokerage fees and commissions and any other similar fees, clearing expenses or other fees and expenses not payable by us as provided above. However, any investment expense relating specifically to a Special Investment shall be charged against the capital accounts of the investors participating in such Special Investment in proportion to their respective participating percentage interests therein. The Funds generally are responsible for and pay all brokerage fees. **See Item 12 below.** Subject to certain limitation described in the paragraph below, organizational expenses of each Fund are borne by such Fund, and will be amortized over 180 months for tax purposes (and over 60 months for accounting purposes).

We generally are required to pay for amortization of the Offshore Fund's organizational costs and audit and accounting fees of the Offshore Fund incurred in each month to the extent the total of such amounts exceed 1/12 of 0.5% of the aggregate capital accounts of shareholders as of the first day of such month; provided that the expenses paid by us will be reimbursed by the Offshore Fund in subsequent months to the extent that doing so will not cause the Offshore Fund to incur such expenses, including reimbursements, in excess of 1/12 of 0.5% of the aggregate capital accounts of shareholders as of the first day of such month.

While we paid for organizational costs and audit and accounting expenses of the Offshore Fund in excess of 1/12 of 0.5% of the aggregate capital accounts of shareholders from inception until December 31, 2014 amounting to \$104,730.62, which pursuant to the paragraph above is reimbursable to us, this amount will instead be reimbursed over a longer time period. In order to minimize the impact of this reimbursable amount to shareholders entering the Offshore Fund on or after January 1, 2015, we have capitalized this reimbursable amount and will amortize it over a period of 60 months, provided that the amortization of this expense, together with ongoing organizational cost amortization and audit and accounting fees in any particular month do not exceed 1/12 of 0.5% of the aggregate capital accounts of shareholders as of the first day of such month.

#### **TERMINATION OF ADVISORY SERVICES**

Pursuant to the investment management agreement between us and the Feeder Funds, the Feeder Funds may terminate such agreement upon 90 days prior written notice to us. To the extent required by applicable law, we will promptly refund any unearned management fees to the Feeder Funds (and from the Feeder Funds to the investors).

#### **WITHDRAWALS**

##### Onshore Fund

Subject to the terms and conditions set forth in the partnership agreement for the Onshore Fund, each investor in the Onshore Fund generally is permitted to make a partial withdrawal of up to 25% of the investor's capital account (except with respect to Special Investments) as of the last day of any calendar quarter. Each investor in the Onshore Fund generally is permitted to make a complete withdrawal (except with respect to Special Investments), 25% as of the last day of any calendar quarter, 33% of the remaining balance at the end of the following quarter, 50% the next, and the entire remaining balance at the end of the fourth quarter following their allowed full withdrawal request.. However, if an investor elects to withdraw any capital within one year of the date of an investment, such withdrawal and such investor's capital account with the Master Fund will be reduced by 5% of the amount of the requested withdrawal, and such amount will be allocated among the other investors in the Master Fund *pro rata* based on the value of each investor's capital account with the Master Fund (not including interests in Special Investments). Notice of any withdrawal generally must be given to us in writing at least 45 days prior to the proposed withdrawal date. We may, in our sole discretion, waive such notice requirements. We use commercially reasonable efforts to cause at least 90% of any estimated withdrawal proceeds to be paid within 30 days of the applicable withdrawal date. Any remaining balance generally is settled promptly following completion of the audit of the Onshore Fund's financial statements for the applicable fiscal year.

An investor generally may not withdraw any portion of its capital account that is allocated to a Special Investment. Generally, an investor will retain its interest in any Special Investment until a realization or deemed realization occurs with respect to that investment.

### Offshore Fund

Subject to the terms and conditions described in the offering documents of the Offshore Fund, each shareholder in the Offshore Fund generally is permitted to make a partial redemption of up to 25% of the shareholder's shares (except with respect to Special Investments) as of the last day of any calendar quarter. Each shareholder in the Offshore Fund generally is permitted to make a complete redemption (except with respect to Special Investments), 25% as of the last day of any calendar quarter, 33% of the remaining balance at the end of the following quarter, 50% the next, and the entire remaining balance at the end of the fourth quarter following their allowed full withdrawal request.. However, if a shareholder elects to redeem shares within one year of the date of any subscription, such redemption and such shareholder's capital account with the Master Fund will be reduced by 5% of the amount of the requested redemption, and such amount will be allocated among the other investors in the Master Fund *pro rata* based on the value of each investor's capital account with the Master Fund (not including interests in Special Investments). Notice of any redemption generally must be given to us in writing at least 45 days prior to the proposed redemption date. We may, in our sole discretion, waive such notice requirements. We use commercially reasonable efforts to cause at least 90% of any estimated redemption proceeds to be paid within 30 days of the applicable redemption date. Any remaining balance generally is settled promptly following completion of the audit of the Offshore Fund's financial statements for the applicable fiscal year.

A shareholder generally may not redeem any portion of its shares that are allocated to a Special Investment. Generally, a shareholder will retain its interest in any Special Investment until a realization or deemed realization occurs with respect to that investment.

### **COMPENSATION FOR THE SALE OF SECURITIES OR OTHER INVESTMENT PRODUCTS**

Neither we nor any of our supervised persons accept compensation for the sale of securities or other investment products.

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

### **PERFORMANCE-BASED COMPENSATION**

As noted under Item 5 above, one of our affiliates generally is entitled to receive performance-based allocations with respect to the Funds and the investors. Performance-based allocations could motivate us, due to our relationship with our affiliate, to make investment decisions that are riskier or more speculative than would be the case if these arrangements were not in effect. In addition, because performance-based allocations are calculated on a basis that includes both realized and unrealized appreciation in portfolios based upon values assigned by us, we face a conflict of interest in valuing those portfolios. Certain of our individual employees and affiliates who are compensated to some extent based upon investment profits for which they are responsible face the same potential conflict. We address this conflict through full and fair disclosure in the Funds' governing and/or offering documents and/or this brochure.

## Item 7: Types of Clients

### DESCRIPTION

We currently provide investment management services to affiliated private pooled investment vehicles, our sole advisory clients. We may provide investment management services to other types of clients in the future.

### ACCOUNT REQUIREMENTS

The minimum initial capital contribution or subscription generally required for an investor in a Feeder Fund is \$1,000,000. Nevertheless, capital contributions or subscriptions of lesser amounts may be accepted in our discretion.

To invest in the Fund, investors generally are required to certify that they are, among other things, “accredited investors” as defined in Rule 501(a) of Regulation D under the U.S. Securities Act of 1933, as amended, and “qualified purchasers” as such term is defined in Section 2(a)(51)(A) of the Company Act.

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

### METHODS OF ANALYSIS AND INVESTMENT STRATEGIES

The primary investment objective of the Funds is to achieve long-term returns for their investors that exceed the risk-free rate of return regardless of overall conditions in the loan, debt and equity markets. The Feeder Funds seek to achieve their investment objectives primarily by investing in limited partnership interests in the Master Fund, and the Master Fund seeks to achieve its investment objective primarily by investing in various loans, debt and equity securities, derivative transactions and other instruments that we believe are inefficiently held or financed, are undergoing change or in which we believe the investment risk is misunderstood and therefore mispriced. We expect that a substantial portion of the Master Fund's investments will be invested in loans and debt investments (directly or indirectly). However, the Funds are not required to invest any specific portion of their assets in any class of securities or other instruments. The Funds will have significant flexibility in the types of securities and interests they purchase and sell in order to achieve their investment objectives. We anticipate that the Master Fund will use swap contracts and over-the-counter options in an effort to augment the returns on its investments. Assets of the Funds will sometimes also be pledged as collateral or otherwise borrowed against to obtain leverage.

Most of the Master Fund's investments are expected to be in mature companies with complex balance sheets that are facing challenges such as a crisis of confidence, significant corporate restructuring or recapitalization, a major litigation, legislative or regulatory change or a cyclical business trough. Many of such companies may be financially distressed and may be experiencing significant financial or business difficulties (including companies involved in bankruptcy or other reorganization and liquidation proceedings). Through fundamental research and analysis, we will first analyze the enterprise, applying standard value investing and private company valuation techniques. We will then analyze the security, claim or other instrument within the company's capital structure and invest only if it concludes that the instrument should provide an adequate return for the risk. In many cases, we will seek to invest the Master Fund's assets in companies with a defined existing or anticipated catalyst (e.g. restructuring, spin-off, refinancing, etc.) that increases certainty on the timing surrounding the realization of value. In others cases, we may invest in securities or interests that have a high risk of loss or principal. The Master Fund may sell securities short, either directly or through derivatives, when we believe that such a transaction will act as a hedge to the entire portfolio or to a particular portfolio position. The Master Fund may also sell short investment grade or non-investment grade bonds (or buy credit protection) when we believes the characteristics of such investments are directly opposite to its long investment criteria. In short sales, the we will generally look for debt or equity of companies or structured finance instruments in which a major event could cause a ratings downgrade or default, or significantly negatively affect a company's business prospects or liquidity position or the attractiveness of certain structured products.

The Master Fund has the ability to use leverage to increase its buying power, and some derivative instruments have characteristics of implicit leverage. In most cases, we will seek to be a buyer of securities or interests with return profiles that are attractive on an unlevered basis. If we believe there are more attractive opportunities than available capital in the short term, we may utilize leverage. We may also utilize leverage with respect to specific investments to try to achieve higher returns where we believes that the risk to principal is not significant.

While the Master Fund's portfolio will typically consist of interests in levered loans (held directly or through a swap arrangement), debt and equities, it also has the ability to purchase, hold or sell a wide variety of investment instruments, whether or not they are publicly traded, including without limiting the generality of the foregoing: bonds, debentures, notes, preferred or preference stock, common stock, rights, units, certificates of beneficial interest, warrants, partnership interests, interests in real estate, loan participations and assignments, joint ventures, accounts and notes receivable and payable held by trade or other creditors, contract and other claims, executory contracts, voting trust certificates or government obligations and other obligations, instruments or evidences of indebtedness and other property or interests of whatever kind or nature of any person, corporation, government or entity whatsoever, foreign or domestic, any commodity, currency, spot commodity or forward or futures contracts or any option with respect thereto; any put or call option, whether written or purchased by a Fund, and any other over-the-counter or listed interest rate, currency, commodity, credit or equity derivative product including, without limitation, swaps, caps, collars, floors and forward rate agreements.

The Master Fund invests in companies with defined existing or anticipated catalysts that drive value realization of its investments. These catalysts can include, among other events, the near-term maturity of a debt instrument, a corporate reorganization, the sale or spin-off of corporate assets, a rights offering or merger. While this focus on catalysts for the majority of the Master Fund's investments will give definition to and limit the Funds' investment horizon,

realization of an investment's value thesis is expected generally to take 12-36 months, particularly in the case where the anticipated value catalyst comes from a corporate reorganization under Chapter 11 of the United States Bankruptcy Code. Actual realization time frames may take more or less time than this expected timetable. We have been and expect to be an active participant in corporate recapitalization or reorganization processes and, as a result, may on limited occasions potentially sit on official creditors' committees or steering committees or our principals or employees may serve on boards of directors if we believes its participation in the process may reduce risk or enhance returns.

## **CERTAIN RISK FACTORS**

*There can be no assurance that we will achieve our investment objectives or that an investment in the Funds will be profitable. Our investment strategies involve a substantial degree of risk, including risk of complete loss. Nothing in this brochure is intended to imply, and no one is or will be authorized to represent, that an investment in the Funds is low risk or risk free. An investment in the Funds is appropriate only for sophisticated persons who fully understand and are capable of bearing the risks of investment. The various risks outlined below are not the only risks that may be associated with our investment strategies and processes. Prospective investors are urged to consult with their own independent financial, legal and tax advisors before making any investment decision. The following risks are qualified in their entirety by the risks set forth in the applicable offering documents of each Feeder Fund.*

**Risks Associated With Portfolio Investments.** The Funds' investment program should be evaluated on the basis that there can be no assurance that our assessments of the short term or long term prospects of investments will prove accurate. An investment in the Funds should be considered a medium to long term investment by prospective investors.

The Funds may use certain investment techniques that entail significant risks, such as investments in financially distressed companies, concentration of investments in a small number of companies or sectors, borrowing funds or leveraging for investment purposes, short-selling, swap transactions, trading in options and futures, risk arbitrage, convertible arbitrage and other forms of arbitrage. Borrowing for investment purposes, or leveraging, tends to magnify the gains or losses from investment activities. The assets of the Master Fund consist primarily of below-investment grade debt securities issued by, and loans made to, companies which may be highly-leveraged, which may be experiencing financial difficulties, or which may have defaulted in obligations to pay interest or principal, whereas the liabilities of the Funds for borrowings are generally fixed. If our evaluation of the financial situation of a particular company, or of the anticipated outcome of an arbitrage situation, should prove incorrect, the Funds could experience substantial losses as a result of a decline in the market value of securities or other assets in which a Fund holds a long position or an increase in the value of securities or other assets in which a Fund holds a short position. International securities markets may not move in correlation with each other or in directions anticipated by us, so that hedging and arbitrage activities may not be successful. Substantial competition from other arbitrageurs and other market participants may render it difficult or impossible for the Funds to achieve intended results or promptly to effect transactions in volatile markets. There is no assurance that a liquid secondary market will exist for options and swap contracts purchased or sold, and the Funds may be required to maintain a position until exercise or expiration, which could result in losses. The risk management techniques which may be utilized by us will not provide any assurance that the Funds will not be exposed to risks of significant investment losses.

**Illiquidity of Funds' Investments.** By reason of the Funds' investment philosophy and strategy, a significant portion of the Funds' portfolios may include loans and securities which are not actively and widely traded. Consequently, it may be relatively difficult for the Funds to dispose of investments rapidly and at favorable prices in connection with redemption requests, adverse market developments or other factors.

The Funds generally acquire less liquid investments which may not be readily marketable. As a result of such limited liquidity, market prices for the Funds' investments may be subject to greater volatility than is the case for most debt and equity securities. Bank loans, swap contracts and the limited partnership interests of the Master Fund are not traded on regulated exchanges, are not registered with the U.S. Securities and Exchange Commission and are not subject to the rules of any self-regulatory organization. Swap contracts are generally entered into with banks, brokerage firms and other counterparties, may not be assigned without the consent of the counterparty, and may result in losses to the Funds in the event of a default or bankruptcy of the counterparty. Swap contracts are not guaranteed by an exchange or clearing house, and a non-settlement or default by the counterparty could result in the loss of unrealized profits or force the Funds to cover commitments to purchase and resale, if any, at the current market price.

If the Funds are represented on creditors' committees or steering committees or our principals or employees serve on boards of directors of the Funds' portfolio companies, or we or a Fund is deemed an "affiliate," an "insider" or a "fiduciary" of a portfolio company or otherwise receives or has access to material non-public information regarding a

portfolio company, the Funds may be restricted from liquidating their investments in such company for an indeterminate length of time.

**Loan Participations.** The Funds may also invest in loan participations, which involve certain risks in addition to those associated with direct loans. A loan participant has no contractual relationship with the borrower of the underlying loan. Rather, a holder of a participation in a syndicated loan only obtains rights against the lender and the participant generally has limited or no voting or veto rights, as such rights are generally retained by the lender, and the participant generally has no control rights or rights to force the lender to take any particular action. As a result, the participant is generally dependent upon the lender to enforce its rights and obligations under the loan agreement in the event of a borrower default and the participant may not have the right to block actions or object to amendments or modifications of the terms of such loan agreement.

In addition, a loan participant is subject to the credit risk of the lender as well as the borrower, since a loan participant is dependent upon the lender to pay to the participant its percentage of payments of principal and interest received by the lender on the underlying loan. Although the Funds will attempt to enter into participations with entities we believe to be sound, there can be no assurance that a failure by any such entity will not lead to a loss to the Funds.

**Debt Investments.** The Funds' investments may include secured and unsecured loans and other debt instruments. Risks associated with such investments include but are not limited to: absence of or inadequate collateral coverage; inadequate perfection of a security interest; the possible invalidation or compromise of prepayments, collateral, guarantees or other transactions with the borrower as a fraudulent conveyance or preference under relevant creditors' rights laws; the invalidity or lack of seniority of loans or debt of the Funds or any claims under guarantees; and environmental liabilities that may arise with respect to collateral securing the obligations.

**Investments in Distressed Companies.** The Master Fund's investments are expected to, and the Feeder Funds' investments may, include loans, debt, equity and other securities, claims and obligations of companies which are experiencing significant financial or business difficulties (including companies involved in bankruptcy or other reorganization and liquidation proceedings). Such investments involve substantial risks not normally associated with investments in healthier companies, including adverse business, financial or economic conditions that can lead to defaulted principal and interest payments and insolvency proceedings. A Fund may lose a substantial portion or all of its investments in a troubled debt or equity interest or may be required to accept cash or securities with a value significantly less than the cost of such Fund's investments. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such entities. Troubled company investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims.

The Funds may acquire investments in distressed companies of all types and kinds, including equity and debt instruments and, in particular, loans, loan participations, claims held by trade or other creditors, bonds, notes, non-performing and sub-performing mortgage loans, fee interests and financial interests in real estate, partnership interests and similar financial instruments, executory contracts and participations therein, many of which may not be publicly traded and many of which may involve a substantial degree of risk. The Funds may experience significant losses on these investments in distressed companies, or may be required to accept cash or securities with a value significantly less than the cost of the investments.

In certain periods, there may be little or no liquidity in the markets for these securities or instruments. Some of the Funds' private investments may contain trading restrictions, and/or the marketability of such interests may be hindered for other reasons. In addition, the public market prices of distressed securities and prices of private claims and obligations may be subject to periods of abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than normally expected. It may take a number of years for the market price of such instruments to reflect their intrinsic value.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals or funding), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new debt or equity security the value of which will be less than the purchase price to a Fund of the instrument in respect to which such distribution was made. The administrative costs in connection with a bankruptcy proceeding are frequently high and generally will be paid out of the debtor's estate prior to any return to creditors and equity holders. In addition, certain claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high. U.S. bankruptcy law permits the classification of "substantially

similar” claims in determining the classification of claims in a reorganization for the purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that a Fund’s influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class.

The Funds may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchase has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

Troubled company and other asset-based investments require active monitoring and may, at times, require participation in business strategy, bankruptcy or reorganization proceedings by us. To the extent that we become involved in such proceedings, the Funds may have a more active participation in the affairs of the issuer than that assumed generally by an investor. We or an affiliate may seek representation on creditors’ committees or other groups on behalf of the Funds, from time to time, subject to any applicable regulations, if we, in our sole and absolute discretion, determine that such representation is necessary or advisable to protect or further the Funds’ interests. A member of any such committee or groups may owe certain obligations generally to all parties similarly situated that the committee represents. In addition, if a Fund is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of its investments in such company while it continues to be represented on such committee or group and potentially for a certain time after it has left such committee or group. In some cases we may seek representation on a committee or group, but may not get such representation due to the size of the Funds’ investment or being a “newcomer” to the market.

**High Yield and Preferred Securities.** Most of the Funds’ investments are not expected to be investment grade, but the Master Fund’s investments are expected to, and the Feeder Funds’ investments may, include loans to and debt of distressed companies, “high yield” bonds and convertible and preferred securities that are rated in the lower rating categories by the various credit rating agencies or comparable non-rated securities. Securities in the lower-rated categories and comparable non-rated securities are generally subject to greater risk of loss of principal and interest than higher-rated and comparable non-rated securities and are generally considered to be predominantly speculative with respect to the issuer’s capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with lower-rated and comparable non-rated securities, the markets for such securities may be more volatile, less liquid and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold and may even make it impractical or impossible to sell such securities at times of market dislocation.

**Short Sales.** The Funds may sell securities short. Short selling of equities may be subject to unlimited risk of loss because there may be no limit on how much the price of an equity security may appreciate before the short position is closed out. For this reason, the Funds intend to focus their short selling on debt, although they may short equities in small amounts. In addition, the supply of securities that can be borrowed fluctuates from time to time. The Funds may be subject to losses if the lender of a security demands return of the borrowed security and an alternative source cannot be found.

**Hedging Transactions.** The Funds may utilize a variety of financial instruments, such as derivatives, options, interest rate swaps, caps and floors, futures and forward contracts, both for investment purposes and for risk management purposes. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance and increased (rather than reduced) risk for the Funds than if they had not engaged in any such hedging transactions. Moreover, it should be noted that the portfolio will always be exposed to certain risks that cannot be hedged, such as credit risk relating both to particular securities and counterparties. In addition, a Fund may choose not to enter into hedging transactions with respect to some or all of its positions.

**Risk Arbitrage.** The Funds may engage in risk arbitrage as an investment technique. The risk arbitrage business is extremely competitive. The Funds will compete with firms, including many of the larger investment banking firms, which have substantially greater financial resources, larger research staffs and more securities traders than will be available to the Funds. In any given transaction, arbitrage activity by other firms will tend to narrow the spread between the price at which a security may be purchased by a Fund and the price it expects to receive upon consummation of the transaction. If the proposed transaction appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the securities will usually decline sharply, perhaps by more than such Fund’s anticipated profit.

**Currency Risks.** The Feeder Funds will compute and generally distribute its income in U.S. dollars. Since the Master Fund will, and the Feeder Funds may, invest in loans, securities and other instruments denominated or quoted in currencies other than the U.S. dollar, changes in currency exchange rates will affect the value of the Funds' portfolios and the unrealized appreciation or depreciation of investments. Further, the Funds may incur costs in connection with conversions between various currencies. The Funds may seek to protect the value of some portion or all of their portfolio holdings against currency risks by engaging in hedging transactions. There can be no guarantee that instruments suitable for hedging currency or market shifts will be available at the time when a Fund wishes to use them or will be able to be liquidated when a Fund wishes to do so.

**Real Estate Investments.** The Funds may invest in real estate or companies with significant portfolios of real estate holdings. Investments in real estate and companies with portfolios of real estate are subject to various risks, including: adverse changes in national economic conditions; adverse local market conditions; the financial conditions of tenants, buyers and sellers of properties; changes in availability of debt financing; changes in interest rates, real estate tax rates and other operating expenses; environmental and zoning laws and other federal or local governmental rules, regulations and fiscal policies; changes in the relative popularity of properties; risks due to dependence on cash flow; risks and operating problems arising out of the presence of asbestos; and risks of natural disasters, uninsurable losses and other factors.

**Potential Involvement in Litigation.** As a result of the Funds' investment strategies, it is possible that a Fund may become involved in litigation. Litigation entails expense and the possibility of counterclaims against the Funds, and ultimately judgments may be rendered against a Fund for which neither we nor it carry insurance and which could result in the bankruptcy of the Funds. Involvement in litigation could also be disruptive to us and the Funds due to the time demands of participating in litigation, discovery, etc.

**Derivative Instruments; Counterparty Credit Risk.** The Master Fund's investments are expected to, and the Feeder Funds' investments may, include purchases, sales, financing arrangements (including the lending of portfolio securities) and derivative instruments that are not traded on an exchange but are instead traded between counterparties based on contractual relationships. As such, the Funds are subject to the risk that a counterparty will not perform its obligations under the related contracts. The prices of, or payments pursuant to, swaps and other derivative instruments may be highly volatile and are influenced by, among other things, interest rates, changing supply and demand relationships, policies of governments and national and international political and economic events. The Master Fund expects to, and the Feeder Funds may, effect certain derivative transactions on "over the counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a credit or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) since such markets may lack the established rules and procedures for swift settlement of disputes among market participants in exchange-based markets. These factors may cause the Funds to suffer a loss due to adverse market movements while replacement transactions are executed or otherwise. Such "counterparty risk" is present in interest rate, currency, default and equity swaps, participations through banks, non-U.S. exchange contracts and distressed debt trades and is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Fund has concentrated its transactions with a single or small group of counterparties. Similarly, contracts in the non-U.S. exchange market are not guaranteed by an exchange or its clearinghouse. Consequently, there are no requirements imposed on a counterparty with respect to financial responsibility or segregation of customer positions. As a result, trading in interbank non-U.S. exchange contracts may be subject to more risks than trading on regulated exchanges, including, but not limited to, the risk of default due to the failure of a counterparty with which a Fund has a forward contract. Transactions entered into by the Funds may be executed on various exchanges (domestic and foreign) and may be cleared and settled through various clearing houses, custodians, depositories and prime brokers. Although the Funds will attempt to execute, clear and settle transactions through (and use as custodian for its securities) entities we believe to be sound, there can be no assurance that a failure by any such entity will not lead to a loss to the Funds.

**Hunt Veto Rights.** Hunt has certain veto rights with respect to actions by us and the Funds, as described in the offering documents. If Hunt exercises a veto right, it will effectively prevent the Funds from taking the action desired by us.

**Valuation Risks and Conflicts.** The Master Fund's investments may include securities and instruments that are not widely traded, not traded on an organized exchange, and that might only be bought or sold within a small group of investors or brokers. This small market may present potential liquidity risk to our Funds and their investors. It also may present challenges in determining a fair market value for many portfolio positions, and thus of the Master Fund and its Feeders. We have developed a detailed policy for determining the value of the various types of instruments

that may be included in the Master Fund's portfolio, which is briefly summarized in our Funds' offering documents and is detailed in the Master Fund's annual audited financial statements. The spirit of our policy is to minimize the amount of direct discretion and judgment we have over final values by relying on an independent administrator to determine the fair market value of a majority of the Funds' investment positions. Such administrator engaged with respect to the Funds typically bases its determination using third party pricing resources and using a standardized and consistent valuation policy. When the Funds' administrator is unable to obtain independent third party indicia for a given investment position from the parties they subscribe to, we may provide the third party indicators to them. In either case, priority is given to indicators that we receive from independent, external parties. However, such parties may provide inaccurate, incomplete, outdated or otherwise unreliable information. Furthermore, we may be unable to detect every error contained in the valuation information we receive from third parties or from any administrator.

To the extent the information received by us is inaccurate or unreliable, the valuation of the Master Fund's assets and liabilities may be inaccurate. Moreover, the procedure we follow to implement this policy is manual in nature and involved compiling data from third parties on each position. The potential exists for mistakes to be made, and it is possible for data points that we may have received to be unintentionally overlooked and omitted from the final calculation, given the vast amount of content we search through to find external indicia.

Occasionally, there are circumstances wherein no market exists for an investment and, thus, no external indicia can be obtained. In such cases, we will estimate the investment's value using reasonable and generally acceptable valuation methodologies that we determine to be most appropriate for the situation. Whenever possible, we will ask an independent administrator or an independent public accounting firm to review the methodology we use in advance of finalizing the value.

Although we endeavor to mark the Master Fund's portfolio to its fair value, substantial uncertainty and subjectivity may exist, particularly in the case of illiquid investments, and even our best judgment as to fair value may not accurately reflect the prices at which the Master Fund could actually purchase or sell such assets. We determine the fair value of many investments based on a variety of valuation methodologies, which may depend on a variety of inherently unreliable estimates and assumptions. The methodologies applied to particular assets or types of assets may vary from case to case and over time depending on a range of factors. A failure to properly value the Master Fund's assets could have a material adverse effect on the returns earned by investors. Fund assets may be subject to rapid changes in value caused by sudden company-specific or industry-wide developments. For certain illiquid investments, long periods of time may pass during which we may have no basis upon which to change the reported value of the investment, with the result that large price movements could occur suddenly when information does become available or an investment is liquidated.

Performance Allocations are calculated on a basis that includes unrealized appreciation in the portfolio based upon estimated valuations assigned by us, which could be inaccurate. Additionally, the valuation of the Master Fund's assets also impacts the management fees payable to us. Accordingly, we face a potential conflict of interest in valuing the Master Fund's portfolio. All values assigned to assets and liabilities generally are conclusive and binding on the Master Fund and all investors.

**Personnel Risks.** Investment management and operational responsibilities are concentrated in two key individuals. The Brochure Supplement that follows provides information on one of the key individual within our firm, Andersen Fisher, who is primarily responsible for all investment-related aspects of our firm. In addition to Mr. Fisher, Bryan Macktinger manages the firm's operations, including compliance, finance and accounting, relationships with vendors (including the Funds' prime broker, attorneys, auditor and administrator), information technology, and the miscellaneous aspects of our business operations.

The concentration of responsibilities presents a risk to investors, as potentially significant disruption would occur in the event of either individual is incapacitated or unable to perform their duties for an extended period of time. To minimize this risk, we have developed written protocols designed to maintain essential business operations. Other personnel have received cross-training and pre-authorization to fulfil key functions and to conduct essential business with our attorneys, banks, brokers, administrators, counterparties, and other vendors and to use their best judgement to determine a course of action that would be in best interests of our investors. The plans and protocols we have designed are not meant to be comprehensive and do not account for every possible scenario. Depending on the circumstances, key-man risk could produce significant disruption and meaningfully impact investment performance.

**Cyber Security Breaches and Identity Theft.** We, the Funds and our service providers depend and rely on information technology systems and, notwithstanding the diligence that we perform or conduct on service providers, we generally will not be in a position to verify or identify the risks or reliability of such information technology systems. We, the Funds and our service providers are subject to risks associated with a breach in cybersecurity. “Cybersecurity” is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional damage or interruption that, in either case, can result in damage and disruption to hardware and software systems, loss or corruption of data, and/or misappropriation of confidential information. Our information and technology systems are vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although we have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, we may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm our reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect its business and financial performance. Such damage or interruptions to information technology systems may cause losses to investors by interfering with our operations and/or the operations of the Funds. The Funds may also incur substantial costs as the result of a cybersecurity breach, including those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage. Any such breach could expose us or the Funds to civil, legal or regulatory liability as well as regulatory inquiry and/or action, and the Funds may be required to indemnify us against any losses incurred in connection therewith. Cybersecurity issues and risks are currently a major focus area of the SEC and other regulatory authorities.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS THAT MAY BE ASSOCIATED WITH AN INVESTMENT IN THE FUNDS. PROSPECTIVE INVESTORS ARE ENCOURAGED TO REVIEW THIS BROCHURE AND THE OFFERING MATERIALS OF THE FUNDS IN THEIR ENTIRETY BEFORE MAKING ANY INVESTMENT DECISIONS.**

### **Item 9: Disciplinary Information**

Neither we nor any of our employees have been involved in any material legal or disciplinary events related to past or present investment clients or investors.

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

### **CERTAIN RIGHTS AND VETOES OF HUNT**

In exchange for its economic support of Talamod Asset Management, LLC, Hunt has certain rights and vetoes with respect to us and/or the Funds including, but not limited to: (i) certain veto rights with respect to actions by us and the Funds and (ii) the right to withdraw from the Funds and replace our managing member in certain circumstances. Hunt also has a significant variable economic interest in (i) the management fees received by us and (ii) the performance allocations that are allocated to our affiliate. For more information regarding the foregoing, Hunt and Hunt's relationship with us, please refer to the disclosures set forth in the offering documents of the Feeder Funds.

Hunt is not a sponsor or promoter of the Funds, does not owe any fiduciary duties or other special duties or obligations to the Funds or any of the other investors and may have interests that conflict with the Funds and the other investors. Hunt will not be liable to other investors for exercising or not exercising any rights that it may have with respect to the Funds or us. Neither Hunt nor any of its members will participate in our investment decision making.

### **COMMODITY POOL OPERATOR, COMMODITY TRADING ADVISER, FUTURES COMMISSION MERCHANT REGISTRATION**

With respect to each of the Funds, neither we nor any of our affiliates are registered or intend to register with the Commodity Futures Trading Commission ("**CFTC**") as a commodity pool operator or commodity trading advisor pursuant to an exemption from registration set forth in CFTC Rule 4.13(a)(3).

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

### **CODE OF ETHICS**

We have adopted and implemented a code of ethics, which sets forth standards of business conduct for our employees. Our code of ethics is primarily designed to educate employees about our philosophy regarding ethics and professionalism, emphasize our fiduciary duties to clients, encourage employees to comply with applicable laws, prevent the misuse of material non-public information, the circulation of rumors and other forms of market abuse and address conflicts of interest that arise from personal trading by employees. Among other things, we impose restrictions on employees relating to the purchase or sale of securities for their own accounts and the accounts of certain affiliated persons. Employees are required to submit quarterly reports disclosing personal securities transactions and annual reports disclosing personal securities holdings. Such reports are reviewed by our Chief Compliance Officer. We also maintain certain policies and procedures designed to prevent employees and principals from misusing material non-public information or trading the same security ahead of the Funds. We will furnish a copy of our code of ethics to investors upon request.

### **PERSONAL TRADING**

Subject to various restrictions set forth in our code of ethics, our principals and employees may purchase for themselves securities purchased for, or recommended to, the Funds. Allowing principals and employees to purchase these securities may motivate those employees and/or affiliates to engage in “scalping,” which is the practice of attempting to benefit from the increase in price resulting from recommendations to clients. To prevent this practice, we closely monitor the investments made by our principals and employees.

### **TRANSACTIONS INVOLVING CONFLICTS OF INTEREST**

We may cause our clients to enter into transactions and arrangements involving actual or potential conflicts of interest. We will review any transactions involving material conflicts of interest and take such actions as we deem necessary or appropriate in an attempt to ensure that the terms of such transactions are fair and reasonable under the circumstances (including, without limitation, obtaining client consent with respect to such transactions).

We may establish and appoint an advisory committee with respect to one or more of the Funds consisting of one or more individuals selected by us (none of whom would be affiliated or associated with us). If established, the advisory committee will have the authority, at our request and on behalf of the applicable Fund and its investors, to consider and, on behalf of the applicable Fund and its investors, approve or disapprove (to the extent required by applicable law or deemed appropriate by us) principal transactions, certain actual or potential conflicts of interest, matters requiring client consent under Section 206(3) of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) (or any other applicable laws) and any other matters that we elect to present thereto. Any consent given by the advisory committee on behalf of a Fund in good faith after consultation with us will be binding on the Fund and the investors.

## **Item 12: Brokerage Practices**

### **SELECTING BROKERAGE FIRMS**

In general, we have authority to select the brokers and other counterparties to be used for client transactions and negotiate commission rates and other monies paid by the Funds. We select broker-dealers and other counterparties on the basis of obtaining best execution, which we evaluate based on a variety of factors, including, among other things: the ability to achieve prompt and reliable executions at favorable prices; the operational efficiency with which transactions are effected; the financial strength, integrity and stability of the broker; the quality, comprehensiveness and frequency of available research and related services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying our other selection criteria. Research and related services furnished by brokers include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing services; discussions with research personnel; and hardware, software, data bases and other news, technical and telecommunications services and equipment utilized in the investment management process. We may cause our clients to pay higher commissions to brokers believed to offer superior service under the circumstances, including brokers that provide investment research and analysis to their clients. Accordingly, when we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the overall services provided to the Funds, including internally-developed research and other services provided by such broker, we may cause the Funds to pay commissions to such broker in an amount greater than the amount another broker might charge.

We have adopted policies and procedures that we believe are reasonably designed to ensure that our clients achieve best net execution and that brokers utilized have been selected based on our clients' best interests.

### **SOFT DOLLAR PRACTICES**

We may use soft dollars generated by the Funds to pay for the research and/or related services described above. The term "soft dollars" refers to the receipt by an investment manager of products and services (including research) provided by brokers without any cash payment by the investment manager, based on the volume of revenues generated from brokerage commissions for transactions executed for clients of the investment manager. The products and services available from brokers include both internally generated items (such as research reports prepared by employees of the broker) as well as items acquired by the broker from third parties (such as quotation equipment).

Using soft dollars to obtain investment research and/or related services creates a conflict of interest between us and the Funds. Soft dollars may be used to acquire products and services that are not exclusively for the benefit of clients which paid the commissions and that may primarily or exclusively benefit us. If we are able to acquire these products and services without expending our own resources (including management fees paid by the Funds), our use of soft dollars would tend to increase our profitability. Furthermore, we may have an incentive to select or recommend brokers based on our interest in receiving research or other products or services, rather than on the Funds' interest in receiving most favorable execution. We may cause clients to pay commissions (or markups or markdowns) higher than those charged by other brokers in return for soft dollar benefits.

During the last fiscal year, we acquired the following types of products and services (i.e., soft dollar items) with client brokerage commissions (or markups or markdowns): Written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies and forecasts; statistics and pricing services; discussions with research personnel; and databases and other news services utilized in the investment management process.

We may participate in soft dollar arrangements of general availability through brokers that provide us with research and related services as described above. We do not, however, negotiate higher rates on fees and expenses to be paid by client accounts in exchange for lower rates on fees and expenses to be paid by us.

Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), provides a safe harbor to advisers who use soft dollars generated by client accounts to obtain investment research and brokerage services that provide lawful and appropriate assistance to us in the performance of investment decision-making responsibilities. We expect all soft dollar items that we receive to be within the safe harbor set forth in Section 28(e) of the Exchange Act.

### **BROKERAGE FOR INVESTOR REFERRALS**

In selecting or recommending brokers, we do not consider whether we or our related persons receive investor referrals from such brokers.

**DIRECTED BROKERAGE**

We do not routinely recommend, request or require that clients direct us to execute transactions through a specified broker-dealer. We generally do not expect to permit clients to direct brokerage for order execution purposes.

### **Item 13: Review of Accounts**

#### **REVIEWS OF ACCOUNTS**

We generally conduct reviews of all client accounts on at least a monthly basis. With respect to accounting matters, we have engaged an independent public accounting firm to conduct an annual audit of each of the Funds.

We invest client assets primarily in loans, debt, equity and similar instruments and contracts, hedges and synthetics with respect to such investments. In monitoring the performance of the investments, we perform various levels of review. Among other items, we may consider short and long-term rates of return, investment diversification and risk allocations as part of our regular review.

#### **ADDITIONAL REVIEWS**

While we generally conduct reviews of all client accounts on at least a monthly basis, we may conduct additional or more frequent reviews in the event of any withdrawal, redemption or capital contribution by an investor in the Funds or in connection with significant market or economic events or situations.

#### **REPORTS TO INVESTORS**

We provide performance reports and newsletters to investors on at least a quarterly basis. Summary portfolio valuation will be furnished annually in connection with the annual audit of the Funds. We provide annual audited financial statements to investors in each of the Feeder Funds within 120 days of the end of each fiscal year. All such reports and statements are written.

We provide certain information and documentation to certain investors (including Hunt) that are not routinely distributed or otherwise made available to other investors. Such investors may make investment decisions (including withdrawal requests) with respect to their investment in the Funds based upon such information.

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

##### **THIRD PARTY COMPENSATION**

Except as otherwise disclosed herein, we currently do not receive any economic benefit from any person who is not a client for providing investment advice or other advisory services to our clients.

##### **REFERRALS**

Neither we nor any of our related persons directly or indirectly compensates any person who is not a supervised person for the referral of advisory clients.

### **Item 15: Custody**

We have, or may be deemed to have, custody of each Fund's cash and securities for purposes of Rule 206(4)-2 under the Advisers Act. To the extent required by Rule 206(4)-2 under the Advisers Act, each Fund's cash and securities are held with one or more qualified custodians. We may change custodians at any time and from time to time without the consent of, or notice to, investors. We have engaged Deloitte & Touche, LLC, an independent public accounting firm, to conduct annual audits of each of the Funds, and audited financial statements (prepared in accordance with generally accepted accounting principles) are provided to investors on an annual basis. We generally attempt to provide such statements to investors within 120 days after the end of each fiscal year, but there can be no assurance that we will be successful in this regard. Qualified custodians do not provide statements directly to investors in the Funds.

## **Item 16: Investment Discretion**

### **DISCRETIONARY AUTHORITY**

Subject to the guidelines, objectives and restrictions set forth in the offering and governing documents, we have full discretionary power and authority over the types of financial instruments to be bought or sold, as well as the amount to be bought or sold, on behalf of the Funds. We have authority to determine the broker-dealer or other counterparty to be used for Fund transactions and the negotiation of commission rates and other consideration to be paid by the Funds.

### **LIMITED POWER OF ATTORNEY**

Each investor in the Onshore Fund generally grants us a limited power of attorney to enable us to execute the Onshore Fund's partnership agreement on its behalf.

## Item 17: Voting Client Securities

We have authority to vote proxies with respect to securities owned by the Funds. Rule 206(4)-6 under the Advisers Act requires registered investment advisers that exercise or have voting authority over client securities to implement proxy voting policies and procedures. In accordance with the rule, we have adopted proxy voting policies and procedures in our compliance manual. In general, our policy is to vote proxy proposals, amendments, consents or resolutions in a manner that serves the best economic interests of the Funds, as determined in our discretion, taking into account various factors, and without regard to our interests or the interests of any other client. We may abstain from voting a proxy or a specific proxy item if we conclude that the potential benefit from voting is outweighed by the cost or if we reasonably determine that it is in the best interest of a client not to vote the proxy. Our general policy is to vote regularly recurring matters as recommended by the issuer's board of directors, but certain circumstances may cause us to vote against such proposals (which we will decide on a case-by-case basis). Investors may not direct or otherwise influence our vote with respect to any particular proxy solicitation.

The Managing Member generally will promptly review proxy materials to evaluate issues presented and determine if circumstances warrant voting against a board's recommendation. He will inform the Chief Compliance Officer of such a determination, if any. The Chief Compliance Officer will then supervise the proxy voting process, including the identification of any material conflicts of interest involving us and the proxy voting process and make all determinations with respect to the proxy voting policy in consultation with the Managing Member. The Chief Compliance Officer will analyze and determine whether any conflict of interest is material. A conflict of interest will be considered material to the extent that such conflict has the potential to influence our decision-making in voting a proxy. If a material conflict of interest is identified, we may use one or more methods to resolve or otherwise mitigate such conflict, including: (i) disclosing the conflict to the applicable client and obtaining its consent before voting (with respect to a Fund, we may disclose the conflict to an advisory committee established with respect to such Fund (or other independent third party) and obtain the consent of the advisory committee (or independent third party) before voting), (ii) suggesting to client that it engage another party to vote the proxy on its behalf, (iii) engaging a third party to recommend a vote with respect to the proxy based on the application of our proxy voting guidelines, or (iv) such other method as is deemed appropriate under the circumstances, given the nature of the conflict. We will maintain a written record of the method used to resolve or otherwise mitigate any material conflict of interest.

Clients may obtain copies of our proxy voting policy, together with information regarding how we have voted on specific past proxies, by contacting us.

## Item 18: Financial Information

Not applicable.

## **General Information**

### **PRIVACY POLICY**

We have adopted policies and procedures that we believe are reasonably designed to protect various records and information of investors. Except as set forth in the applicable offering materials and as otherwise authorized by each investor or applicable law, private information about investors is disclosed only as permitted by applicable law to our affiliates and service providers, including our accountants, attorneys, brokers, custodians, transfer agents and any other parties whose services are necessary or convenient to the operation of the Funds. We deliver an initial notification of these policies and procedures to new investors. Notice of our privacy policy also is available to investors upon request.

### **TRADE ERRORS**

To the extent an error is caused by a counterparty, such as a broker or dealer, we will strive to recover any losses associated with such errors from the counterparty.

Pursuant to the various exculpation and indemnification provisions described in the offering documents of the Funds, we and our affiliates and personnel are generally not liable to the Funds for any act or omission, absent bad faith, willful misconduct or gross negligence, and the Funds are generally required to indemnify such persons against any losses they may incur by reason of any act or omission related to the funds, absent bad faith, willful misconduct or gross negligence.

It is our policy to mitigate any loss associated with a trade error and to act in a manner that is in the best interests of the Funds. We may, in our sole discretion, take the steps necessary to make the Funds whole so that they are not disadvantaged or do not bear any loss from trade errors caused by us or our employees.

## **BROCHURE SUPPLEMENT**

**ANDERSEN FISHER**  
TÅLAMOD ASSET MANAGEMENT, LLC  
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(214) 965-9100 (telephone)  
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**This brochure supplement provides information about Andersen Fisher that supplements Tålamod Asset Management, LLC's brochure. You should have received a copy of that brochure. If you did not receive that brochure or if you have any questions about the contents of this supplement, please contact Tålamod Asset Management, LLC at (214) 965-9100.**

**Additional information about Andersen Fisher is available on the Securities and Exchange Commission's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

March 20, 2018

## **Item 2: Educational Background and Experience**

Mr. Fisher was born in 1976. He graduated from Stanford University Graduate School of Business in 2004 with a Masters in Business Administration. He received a Bachelor of Arts in English and American Literature and Language from Harvard College in 1999. From 2000 to 2002, Mr. Fisher was an associate at Golden Gate Capital. From 2003 to 2004, he was a summer associate at Hunt Investment Group. From 2004 to 2008, he served as an associate and a principal at Watershed Asset Management, LLC. From 2008 to the present, Mr. Fisher has been a co-founder and manager at Talamod Asset Management, LLC.

### **Item 3: Disciplinary Information**

Mr. Fisher has not been involved in any material legal or disciplinary events related to past or present investment clients.

#### **Item 4: Other Business Activities**

Mr. Fisher is not actively engaged in any other investment-related business or occupation outside of Tålamod Asset Management, LLC and its affiliates. He is not registered and has no application pending to register, as a broker-dealer, registered representative of a broker-dealer, FCM, CPO, CTA or an associated person of an FCM, CPO or CTA.

Mr. Fisher does not receive commissions, bonuses or other compensation based on the sale of securities or other investment products, including as a broker-dealer or registered representative, and including distribution or service (“trail”) fees from the sale of mutual funds.

Mr. Fisher is not actively engaged in any other business or occupation for compensation, which provides a substantial source of his income or involves a substantial amount of his time.

### **Item 5: Additional Compensation**

Not applicable.

## **Item 6: Supervision**

Tålmod Asset Management, LLC has a continuing responsibility to supervise all persons who act on its behalf in order to prevent violations of applicable securities laws. To fulfill this responsibility, Tålmod Asset Management, LLC has implemented procedures and a system for applying such procedures as part of its compliance manual that are reasonably expected to prevent and detect violations by supervised persons, including Mr. Fisher. Mr. Fisher generally is required to report personal trades and other information to Bryan Macktinger, our Chief Compliance Officer. Bryan Macktinger has primary responsibility for supervising all supervised persons with respect to compliance-related matters and can be reached at (214) 965-9100. Notwithstanding the foregoing, Mr. Fisher is a principal of Tålmod Asset Management, LLC and, as such, has no direct supervisor.