

ITEM 1:
COVER PAGE

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
FORM ADV PART 2A: FIRM BROCHURE

CASTLE RIDGE INVESTMENT MANAGEMENT LP
591 WEST PUTNAM AVENUE
GREENWICH, CT 06830
(203) 489-4311

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This brochure provides information about the qualifications and business practices of Castle Ridge Investment Management LP, an investment adviser registered with the United States Securities and Exchange Commission (“SEC”). If you have any questions about the contents of this brochure, please contact the Chief Compliance Officer, Steven Gottschalk, at (203) 489-4311. The information in this brochure has not been approved or verified by the SEC or by any state securities authority.

Registration with the SEC does not imply a certain level of skill or training.

Additional Information about Castle Ridge Investment Management LP is also available on the SEC’s website at www.adviserinfo.sec.gov.

ITEM 2: MATERIAL CHANGES

This is Castle Ridge Investment Management LP's initial filing of Form ADV Part 2A and therefore there are no material changes to report.

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ITEM 4: ADVISORY BUSINESS

Castle Ridge Investment Management LP (“Castle Ridge” or the “Investment Manager”) is a Delaware limited liability company that has been in business since March 2015. Castle Ridge Investment Management GP LLC (the “General Partner”) is the general partner of Castle Ridge. Michael Swotes, Founder and Chief Investment Officer, is the majority owner of Castle Ridge and is the managing member of the General Partner. Castle Ridge is the sponsor and discretionary investment adviser to private investment funds (the “Funds”). The Funds consist of a U.S. limited partnership (the “US Feeder Fund”) that is generally required to invest substantially all of its assets into a Cayman Island company (the “Master Fund”), and a Cayman Island company (the “Cayman Islands Feeder Fund”) that is generally required to invest substantially all of its assets into a Cayman Island limited partnership which in turn is generally required to invest substantially all of its assets into the Master Funds. The investments of the US Feeder Fund and Cayman Island Feeder Fund are managed at the Master Fund-level. Castle Ridge also manages a separately managed account for an institutional client and may do so for other institutional clients, private investment funds and pension plans (the “Managed Accounts”). The Funds and Managed Accounts are sometimes referred to herein as the “Clients.”

Michael Swotes is the majority owner of Castle Ridge. At formation, the Funds received strategic investments from capital managed by Reservoir Capital Group (“Reservoir”), a private investment firm, and from SCG Securities Holdings, L.L.C. (“Sternlicht”), an entity controlled or owned by Barry Sternlicht or his family members. In conjunction with their strategic investment, Reservoir and Sternlicht both hold a passive minority interest in Castle Ridge and the General Partner.

While Castle Ridge does not specialize in any particular type of advisory service, it does focus on a particular sector of the equity markets (*i.e.*, real estate). Castle Ridge will advise with respect to public equity securities of real estate and real estate-related companies (both common and preferred), including, but not limited to: (i) real estate investment trusts (“REITs”) and their international equivalents; (ii) lodging and leisure companies; (iii) homebuilders and building and construction materials companies; (iv) real estate finance, services, development and construction management companies; (v) facilities-based healthcare service providers; (vi) retailers that own a significant percentage of their store network; and (vii) select infrastructure companies. Castle Ridge also advises with respect to options and other derivatives.

Castle Ridge has full discretion in trading on behalf of the Funds and therefore does not require, and does not seek, approval from the Funds or the investors in the Funds with respect to its trading. Managed Account Clients may impose certain investment restrictions pursuant to individually negotiated agreements with such Clients. Castle Ridge does not participate in wrap fee programs and does not manage wrap fee accounts.

Pursuant to a Services Agreement and Dual Employee Agreement between Starwood Real Estate Securities, L.L.C. (“SRES”) and Castle Ridge, for a period of time following the date hereof, Michael Swotes and certain of Castle Ridge’s employees will provide investment management services to a certain managed account managed by SRES, until such time as such account is liquidated or transferred to the management of Castle Ridge. During such time,

Michael Swotes and such employees will be subject to the policies and procedures of SRES, as well as those of Castle Ridge.

As of the date of this brochure filing, Castle Ridge managed approximately \$390 million of Client assets on a discretionary basis.

ITEM 5: FEES AND COMPENSATION

Castle Ridge Compensation

With respect to the Funds, management fees are directly deducted from, on a quarterly basis, and performance-based compensation is directly allocated from, on an annual basis, investors' investments in the Funds. The quarterly management fees paid by the Funds are paid in advance. Investors who redeem or withdraw from a Fund do not need to seek refunds of management fees because the permitted dates for redemptions or withdrawals from the Funds are as of quarter- end, at which time the management fee will have been earned.

Managed Accounts are to be generally invoiced on a quarterly basis. Some Managed Accounts may be invoiced in advance of each quarter, while others may be in arrears.

Castle Ridge may, in its discretion, waive or reduce its management fees or performance-based compensation.

Castle Ridge's fee schedule is omitted because this Brochure is only being delivered to qualified purchasers as defined in the Investment Company Act of 1940, as amended (the "Company Act").

Fund Expenses

In addition to the compensation it pays to Castle Ridge, each Fund also pays all expenses relating to its business, including without limitation, investment expenses (*e.g.*, expenses that, in the General Partner's or the Investment Manager's determination, are related to the investment of the Fund's and the Master Fund's assets, whether or not such investments are consummated, such as brokerage commissions, expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees and interest expenses); investment-related travel expenses (which are travel expenses related to the purchase or sale of the Fund's investments, whether or not such investments are consummated, incurred by the Investment Manager or the General Partner, but which shall not include general industry research); professional fees (including expenses of consultants, investment bankers, attorneys, accountants and other experts) relating to investments; fees and expenses relating to software or other technology utilized for fund accounting and risk management (including third-party software licensing, implementation, data management and recovery services); third-party research and market data (excluding the cost of terminals or other computer hardware incorporated in the cost of obtaining such research and market data); administrative expenses (including fees and expenses of the Administrator); legal expenses; external accounting and valuation expenses; audit and tax preparation expenses; premiums for general liability and directors' and officers' costs related to errors and omissions insurance that the General Partner or the Investment Manager purchases that is necessary or appropriate for the conduct of the Fund's business; costs of printing and mailing reports and

notices; entity-level taxes; expenses incurred in connection with regulatory and compliance filings with respect to the Fund and its investment activities (which may include Form PF) and professional fees incurred in connection with the preparation and making of such filings; organizational expenses; fees of the independent members of the Advisory Committee and the reasonable out-of-pocket expenses of all members of the Advisory Committee; expenses incurred in connection with the offering and sale of the Interests and other similar expenses related to the Fund; indemnification expenses; and extraordinary expenses associated with the operations of the Fund and its investment activities that are consistent with the foregoing.

Managed Accounts generally incur similar types of expenses.

It is anticipated that neither the Funds nor the Managed Accounts will pay any of Castle Ridge's internal expenses. *Please also see "Item 12: Brokerage Practices" below.*

ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described above in "Item 5: Fees and Compensation," Castle Ridge generally receives performance-based compensation with respect to the Funds and the Managed Accounts. Such performance-based compensation is based on a percentage of the appreciation in the net asset value of each investor's interest in the Funds (and the applicable Managed Accounts). The fact that Castle Ridge is compensated based on trading profits may create an incentive for Castle Ridge to make investments on behalf of the Funds and Managed Accounts that are riskier or more speculative than would be the case if Castle Ridge were only compensated based on a flat percentage of assets, because these investments may allow Castle Ridge to collect larger performance-based compensation. In the event that the fees and other remuneration to Castle Ridge from a Client are higher than those generated by another Client, Castle Ridge would have financial or other incentives to favor Clients generating higher remuneration. In addition, Castle Ridge may assist in determining the fair value of the Funds' (and applicable Managed Accounts') assets which impacts the value of the compensation paid to Castle Ridge. Further, the performance-based compensation received by Castle Ridge is based on realized and unrealized gains and losses. As a result, the performance based compensation earned could be based on unrealized gains that the Funds and Managed Accounts may never realize.

ITEM 7: TYPES OF CLIENTS

Castle Ridge is to provide investment advice to the Funds and the Managed Accounts. Investors in the Funds and Managed Accounts are typically high net worth individuals, other pooled investment vehicles, pension and profit-sharing plans, trusts, estates or charitable organizations, and other corporations or business and/or religious entities. The Funds limit investors to U.S. persons who are both "qualified purchasers" as defined in the Company Act and "accredited investors" as defined in the Securities Act of 1933, as amended, and non-U.S. persons. The Funds require a minimum initial investment of \$5 million, although this minimum can be waived in Castle Ridge's sole discretion. The minimum investment for Managed Accounts is determined on a case-by-case basis in Castle Ridge's discretion.

ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

All references in this section to the Fund will be deemed to refer to Castle Ridge's Clients unless the context otherwise requires.

Investment Strategy & Objective

The investment objective of the Fund is to generate attractive risk-adjusted returns while limiting volatility and correlation to the equity markets. To do this, the Fund will employ a fundamental, value based, long/short equities strategy that invests primarily in North American markets in publicly traded equity securities of companies that derive significant value from real estate holdings or operations ("Real Estate Related Companies"). Real Estate Related Companies include, but are not limited to: (i) real estate investment trusts ("REITs") and their international equivalents; (ii) lodging and leisure companies; (iii) homebuilders and building and construction materials companies; (iv) real estate finance, services, development and construction management companies; (v) facilities-based healthcare service providers; (vi) retailers that own a significant percentage of their store network; and (vii) select infrastructure companies.

The strategy of the Fund focuses on identifying pricing inefficiencies in Real Estate Related Companies using "bottom up" company-specific fundamental and financial analysis. The Investment Manager will identify and purchase securities in companies that the Investment Manager believes are undervalued and will increase in value, and the Investment Manager will sell short securities in companies that the Investment Manager believes are overvalued and will either drop in value (or at least underperform regardless of the market's overall direction), or will hedge long positions within the Fund. In addition, the Investment Manager will use this fundamental analysis to identify investment themes that the Investment Manager believes can also achieve attractive risk-adjusted returns. Within the Investment Manager's target universe, the Fund will be opportunistic and invest in a mix of core long positions, core short positions, event driven and special situation positions, long/short relative value positions, shorter duration long and short trading positions, and position specific and portfolio level hedges.

Risk Management

Risk control and capital preservation are a central focus of the investment program. The Investment Manager will typically conduct a thorough, multi-disciplinary process to arrive at an understanding of the various risks for each position in the portfolio. These processes will incorporate proprietary quantitative tools, fundamental research, and judgment. Such risks can include future performance of a company, its sector, the company's major tenants, balance sheet risks (including high leverage, refinancing risk, dividend coverage shortfall and inadequate liquidity), interest rate risk, volatility risk, currency risk, liquidity and trading risks, and other external factors that may have an impact on the performance of the investment. The Investment Manager will examine the risks specific to each investment and to the portfolio in general, determine the availability of an appropriate hedge, and use this information to determine the suitability of an investment for inclusion in the portfolio and the sizing of the investment.

The Investment Manager will also use proprietary and third-party analytical tools to monitor many potential risks in the Fund's portfolio. These tools will assist the Investment Manager in the overall construction of the Fund's portfolio. The Investment Manager will actively conduct stress tests on individual positions and the overall Fund. Given the Fund's specialization in Real Estate Related Companies, the Investment Manager will continuously monitor sector and subsector gross and net exposures, and exposure to a number of factors which can influence real estate valuations. Such factors include, but are not limited to, significant and rapid changes in interest rates and real estate cap rates, credit events, geopolitical risks, and changes in U.S. and global macro-economic conditions.

The descriptions set forth, and described in greater detail in the Confidential Private Placement Memorandums of the Funds, of specific strategies in which the Fund may engage or specific investments the Fund may make should not be understood to limit in any way the Fund's investment activities. The Fund may engage in any investment strategy and make any investment, including any not described herein or in the Confidential Private Placement Memorandums, that the Investment Manager considers appropriate to pursue the Fund's investment objective. The Fund's investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives of the Fund will be achieved.

Risks Relating to Investment Strategies

Risk of Loss

No guarantee or representation is made that the Fund's investment program, including, without limitation, the Fund's investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time.

No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred.

General Economic and Market Conditions

The success of the Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of the prices and the liquidity of the Fund's investments. Volatility or illiquidity could impair the Fund's profitability or result in losses. The Fund may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets.

Activist Investing

From time to time, the Investment Manager may pursue an activist investment strategy with respect to certain of the Fund's portfolio holdings. The success of the Fund's activist investment strategy depends upon, among other things: (i) the Investment Manager's ability to properly identify portfolio companies whose securities prices can be improved through corporate and/or strategic action; (ii) the Fund's ability to acquire sufficient securities of such portfolio companies at a sufficiently attractive price; (iii) the Fund's ability to avoid triggering anti-

takeover and regulatory obstacles while aggregating its position; (iv) the willingness of the management of such portfolio companies and other security holders to respond positively to the Investment Manager's proposals; and (v) favorable movements in the market price of any such portfolio company's securities in response to any actions taken by such portfolio company. There can be no assurance that any of the foregoing will occur.

Corporate governance strategies may prove ineffective for a variety of reasons, including: (i) opposition of the management or investors of the subject company, which may result in litigation and may erode, rather than increase, the value of the subject company; (ii) intervention of a governmental agency; (iii) efforts by the subject company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) market conditions resulting in material changes in the prices of securities; (v) the presence of corporate governance mechanisms such as staggered boards, poison pills and classes of stock with increased voting rights; and (vi) the necessity for compliance with applicable securities laws. In addition, opponents of a proposed corporate governance change may seek to involve regulatory agencies in investigating the transaction or the Fund and such regulatory agencies may independently investigate the participants in a transaction, including the Fund, as to compliance with securities or other law. Furthermore, successful execution of a corporate governance strategy may depend on the active cooperation of investors and others with an interest in the subject company. Some investors may have interests which diverge significantly from those of the Fund, and some of those parties may be indifferent to the proposed changes. Moreover, securities that the Investment Manager believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the time frame that the Investment Manager anticipates, even if a corporate governance strategy is successfully implemented. Even if the prices for a portfolio company's securities have increased, no guarantee can be made that there will be sufficient liquidity in the markets to allow the Fund to dispose of all or any of their securities therein or to realize any increase in the price of such securities.

Long/Short

The success of the Fund's long/short investment strategy depends upon the Investment Manager's ability to identify and purchase securities that are undervalued and identify and sell short securities that are overvalued. The identification of investment opportunities in the implementation of the Fund's long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying the Fund's positions were to fail to converge toward, or were to diverge further from, values expected by the Investment Manager, the Fund may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Fund to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with the Investment Manager's long/short strategies may become outdated and inaccurate as market conditions change.

Short Selling

The success of the Fund's short selling investment strategy depends upon the Investment Manager's ability to identify and sell short securities that are overvalued. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying Security could

theoretically increase without limit, thus increasing the cost to the Fund of buying those Securities to cover the short position. There can be no assurance that the Fund will be able to maintain the ability to borrow securities sold short. In such cases, the Fund can be “bought in” (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the Fund may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though the Fund secures a “good borrow” of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing the Fund to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by the Fund.

Long-Term

The success of the Fund’s long-term investment strategy depends upon the Investment Manager’s ability to identify and purchase securities that are undervalued and hold such investments so as to maximize value on a long-term basis. In pursuing any long-term strategy, the Fund may forgo value in short-term or temporary investments in order to be able to avail the Fund of additional and/or longer-term opportunities in the future. Consequently, the Fund may not capture maximum available value in the short-term, which may be disadvantageous, for example, for investors who withdraw or redeem before such long-term value may be realized by the Fund.

Short-Term Market Considerations

The Investment Manager’s trading decisions may be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

Leverage and Borrowing

Leverage for Investment Purposes

The use of leverage will allow the Fund to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the Fund’s portfolio. The effect of the use of leverage by the Fund in a market that moves adversely to its investments could result in substantial losses to the Fund, which would be greater than if the Fund were not leveraged.

Borrowing for Cash Management Purposes

The Fund has the authority to borrow for cash management purposes, such as to satisfy withdrawal or redemption requests. The rates at and terms on which the Fund can borrow will affect the operating results of the Fund.

Collateral

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

Costs

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

Diversification and Concentration

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

Lack of Control

The Fund may invest in debt instruments and equity securities of companies that it does not control, which the Fund may acquire through market transactions or through purchases of securities directly from the issuer or other shareholders. Such securities will be subject to the risk that the issuer may make business, financial or management decisions with which the Fund does not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve the Fund's interests. In addition, the Fund may share control over certain investments with co-investors, which may make it more difficult for the Fund to implement its investment approach or exit the investment when it otherwise would. The occurrence of any of the foregoing could have a material adverse effect on the Fund and the investors' investments therein.

Hedging Transactions

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

Risks Relating to Methods of Analysis

Fundamental Analysis

Certain trading decisions made by the Investment Manager may be based on fundamental analysis. Data on which fundamental analysis relies may be inaccurate or may be generally available to other market participants. To the extent that any such data are inaccurate or that other market participants have developed, based on such data, trading strategies similar to the Fund's trading strategies, the Fund may not be able to realize its investment goals. In addition, fundamental market information is subject to interpretation. To the extent that the Investment Manager misinterprets the meaning of certain data, the Fund may incur losses.

Trend Following

Certain trading decisions made by the Investment Manager may be based on trend following. Any factor that would lessen the prospect of major trends occurring in the future (such as increased governmental control of, or participation in, the financial markets) may reduce the prospect that a particular trading method or strategy will be profitable in the future. In the past, there have been periods without discernible trends and, presumably, such periods will continue to occur in the future. Moreover, any factor that would make it more difficult to execute trades at desired prices in accordance with the signals of the trading method or strategy (such as a significant lessening of liquidity in a particular market) would also be detrimental to profitability. Further, many managers' trading methods utilize similar analyses in making trading decisions. Therefore, bunching of buy and sell orders can occur, which makes it more difficult for a position to be taken or liquidated.

Risks Relating to Specific Sectors and Types of Companies

Micro-, Small- and Medium-Capitalization Companies

Investments in securities of micro- and small-capitalization companies involve higher risks in some respects than do investments in securities of larger “blue-chip” companies. For example, prices of securities of micro- and small-capitalization and even medium-capitalization companies are often more volatile than prices of securities of large-capitalization companies and may not be based on standard pricing models that are applicable to securities of large-capitalization companies. Furthermore, the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) may be higher than for larger, “blue-chip” companies. Finally, due to thin trading in the securities of some micro- and small-capitalization companies, an investment in those companies may be illiquid.

Investment and Trading Out of North America

The Fund may trade in regions other than North America, including for hedging purposes and/or on an opportunistic basis. The profit or loss from those positions could have a material impact on the Fund’s performance.

Risks Relating to Specific Investments

Risks of Real Estate Investments Generally

REITs and other Real Estate Related Companies generally will be subject to the risks incident to the ownership and operation of commercial real estate and/or risks incident to the making of nonrecourse mortgage loans secured by real estate. Such risks include, without limitation, the risks associated with both the domestic and international general economic climates; local real estate conditions; risks due to dependence on cash flow; risks and operating problems arising out of the absence of certain construction materials; changes in supply of, or demand for, competing properties in an area (as a result, for instance, of over-building); the financial condition of tenants, buyers and sellers of properties; changes in availability of debt financing; energy and supply shortages; changes in the tax, real estate, environmental, and zoning laws and regulations; various uninsured or uninsurable risks; natural disasters; and the ability of the Fund or third-party borrowers to manage the real properties. Certain of these companies may have relatively small market capitalizations, which may tend to increase the volatility of the market price of securities issued by such companies. In addition, the Fund may incur the burdens of ownership of real property, which include the paying of expenses and taxes, maintaining such property and any improvements thereon, and ultimately disposing of such property.

Mortgage REITs can be subject to significant interest rate risks. When the general level of interest rates rises, the value of a mortgage REIT’s investment in fixed rate obligations decreases. When the general level of interest rates decreases, the value of a mortgage REIT’s investment in fixed rate obligations rises. Mortgage REITs also receive principal and interest payments from the owners of the mortgaged properties. In this way, mortgage REITs are subject to the credit risk of the borrowers to whom they extend credit.

REITs are subject to a technical and complex set of provisions in the Internal Revenue Code. There is a risk that changes to the Internal Revenue Code could cause a REIT to fail to qualify as a REIT or cause REITs, generally, to be subject to corporate taxation. These changes could also affect a REIT's ability to sell properties at a time when it is otherwise economically advantageous to do so. Such events could adversely affect the performance of the Fund.

The Fund may invest in certain Real Estate Related Companies which derive significant value from real estate, but whose primary operating business is other than real estate, and the value of such securities may be influenced by a variety of factors connected to these non-real estate operations.

Properties owned through joint ventures or partnerships may be subject to additional risks, such as the risk that management contracts (which are typically cancellable without notice) could be terminated by the entity controlling the property or in connection with the sale of such property or that contracts may not be renewed upon expiration or may not be renewed on terms consistent with current terms.

Real estate investments may not be as liquid as other types of investments. Expenditures associated with real estate investments, such as mortgage payments, real estate taxes and maintenance costs, are generally not reduced when circumstances cause a reduction in income from the investments. The insurance coverage applicable to real estate investments contains policy specifications and insured limits customarily carried for similar properties, business activities and markets. There may be certain losses, including losses from floods and losses from earthquakes, acts of war, acts of terrorism or riots, that are not generally insured against, or that are not generally fully insured against, because it is not deemed to be economically feasible or prudent to do so. Under various U.S. federal, state, and local laws, ordinances and regulations, a current or previous owner, developer or operator of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, under or in its property. The costs of removal or remediation of such substances could be substantial. Such laws often impose liability without regard to whether the owner or operator knew of, or was responsible for, the release or presence of such hazardous substances. The Fund will attempt to assess such risks as part of its due diligence activities but cannot give any assurance that such conditions do not exist or may not arise in the future. If an uninsured loss or a loss in excess of insured limits occurs with respect to a real estate investment, or if an investment suffers an environmental liability, the Fund could experience a significant loss.

Equity Securities Generally

The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, the Fund may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Investment Manager's expectations or if equity markets generally move in a single direction and the Fund has not hedged against such a general move. The Fund also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

Initial Public Offerings

Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including, without limitation, the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the Fund's Interests.

Undervalued and Overvalued Securities

The identification of investment opportunities in undervalued and overvalued Securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued or overvalued securities offer the opportunity for above-average capital appreciation or depreciation, respectively, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Fund's investments may not adequately compensate for the business and financial risks assumed.

Debt Securities

Debt securities of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations.

Dealer Market Making

The value of the Fund's fixed-income investments will be affected by general fixed income market conditions, such as the volatility and liquidity of the fixed income market, which are affected by the ability of dealers to "make a market" in fixed-income investments. In recent years, the market for bonds has significantly increased while dealer inventories have significantly decreased relative to market size. This reduction in dealer inventories may be attributable to regulatory changes, such as capital requirements, and is expected to continue. As dealers' inventories decrease, so does their ability to make a market (and, therefore, create liquidity) in the fixed income market. Especially during periods of rising interest rates, this could result in greater volatility and illiquidity in the fixed income market, which could impair the Fund's profitability or result in losses.

Interest Rate Risk

Changes in interest rates can affect the value of the Fund's investments in fixed-income instruments. Increases in interest rates may cause the value of the Fund's debt investments to decline. The Fund may experience increased interest rate risk to

the extent it invests, if at all, in lower-rated instruments, debt instruments with longer maturities, debt instruments paying no interest (such as zero-coupon debt instruments) or debt instruments paying non-cash interest in the form of other debt instruments.

Zero-Coupon and Deferred Interest Bonds

Zero-coupon bonds and deferred interest bonds are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero-coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

High-Yield

Bonds or other fixed-income securities that are “higher yielding” (including non-investment grade) debt securities are generally not exchange-traded and, as a result, these securities trade in the over-the-counter marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer’s inability to meet timely interest and principal payments. High-yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer’s assets. High-yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities may be highly leveraged and may not have available to them more traditional methods of financing. In addition, the Fund may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments.

The Fund may invest in obligations of issuers that are generally trading at significantly higher yields than had been historically typical of the applicable issuer’s obligations. Such investments may include debt obligations that have a heightened probability of being in covenant or payment default in the future or that are currently in default and are generally considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically, such workout or bankruptcy proceedings result only in partial recovery of cash payments or an

exchange of the defaulted security for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.

Corporate Debt

Bonds, notes and debentures issued by corporations may pay fixed, variable or floating rates of interest, and may include zero-coupon obligations. Corporate debt instruments may be subject to credit ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. In addition, the Fund may be paid interest in kind in connection with its investments in corporate debt and related financial instruments (*e.g.*, the principal owed to the Fund in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, the Fund may experience substantial losses.

Mezzanine Debt

Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors and employees. The ability of the Fund to influence a company's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors. Mezzanine debt instruments are often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. Default rates for mezzanine debt instruments have historically been higher than for investment-grade instruments. In the event of the insolvency of a portfolio company of the Fund or similar event, the Fund's debt investment therein will be subject to fraudulent conveyance, subordination and preference laws.

Stressed Debt

Stressed issuers are issuers that are not yet deemed distressed or bankrupt and whose debt securities are trading at a discount to par, but not yet at distressed levels. An example would be an issuer that is in technical default of its credit agreement, or undergoing strategic or operational changes, which results in market pricing uncertainty. The market prices of stressed and distressed instruments are highly volatile, and the spread between the bid and the ask prices of such instruments is often unusually wide.

Non-Performing Nature of Debt

Certain debt instruments may be non-performing or in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to such debt instruments.

Troubled Origination

When financial institutions or other entities that are insolvent or in serious financial difficulty originate debt, the standards by which such instruments were originated, the recourse to the selling institution, or the standards by which such instruments are being serviced or operated may be adversely affected.

Equitable Subordination

Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called “equitable subordination”). If the Fund engages in such conduct, the Fund may be subject to claims from creditors of an obligor that debt held by the Fund should be equitably subordinated.

Derivative Instruments

Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, credit risk, legal risk and operations risk. The regulatory and tax environment for derivative instruments in which the Fund may participate is evolving, and changes in the regulation or taxation of such securities may have a material adverse effect on the Fund.

Derivatives Regulation

Since the introduction of the Dodd-Frank Act in 2010, the U.S. Commodity Futures Trading Commission (the “CFTC”) has promulgated many final rules related to derivatives and such regulations may negatively affect the Fund. Parties that act as dealers in swaps, for example, are subject to extensive business conduct standards, additional “know your counterparty” obligations, recordkeeping, reporting, portfolio reconciliation, documentation standards and capital requirements and, when regulations are finalized, will become subject to margin requirements. Similar rules related to security-based swaps will soon be implemented. Requirements such as these will raise the costs of entering into derivative transactions, and these increased costs will likely be passed on to the Fund. The new rules also add additional operational and technological burdens on the Fund. Currently, with respect to swaps, the Fund must engage in portfolio reconciliation, recordkeeping, reporting and other transaction level obligations, which increase the compliance burdens and costs to the Fund. These compliance obligations require certain training of employees and technology, and there are operational risks as the Fund implements procedures to comply with many of these additional obligations. Certain swap transactions have become (or will become) subject to anonymous “real time reporting,” meaning that

transactions entered into by the Fund will become visible to the market in ways that may harm the Fund's ability to enter into additional transactions at comparable prices or could enable competitors to "front run" or replicate the Fund's strategies. In addition, certain swap transactions have become (or will become) subject to mandatory trading on regulated trading venues such as swap execution facilities, which will require the Fund to subject itself to regulation by these venues and subject the Fund to the jurisdiction of the CFTC. It is not clear whether these trading venues will benefit or impede liquidity, or how they will fare in times of market stress. Trading on these trading venues may increase the pricing discrepancy between assets and their hedges as products may not be able to be executed simultaneously, therefore increasing basis risk. It may also become relatively expensive for the Fund to obtain tailored swap products to hedge particular risks in its portfolio due to higher collateral requirements on bilateral transactions as a result of the new regulations. The SEC still is at a nascent stage for implementing rules related to security-based swaps. It is possible that security-based swaps will be subject to different rules and regulations than swaps. Since the division of "swaps" (regulated by the CFTC) and "security-based swaps" (regulated by the SEC) is a regulatory distinction rather than a product distinction, substantively similar products may have significantly different regulatory treatment. This may mean that the operational complexities of trading various derivative instruments is increased. Overall, new regulations may also render certain strategies in which the Fund might otherwise engage impossible or so costly that they will no longer be economical to implement. The impact of the Dodd-Frank Act or comparable regulations in other jurisdictions on the Fund is uncertain, and it is unclear how the over-the-counter derivatives markets will adapt to this new regulatory regime or any additional regulation in the future.

Call Options

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

Put Options

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

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

Index or Index Options

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

Index Futures

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

Credit Default Swaps

Credit default swaps can be used to implement the Investment Manager's view that a particular credit, or group of credits, will experience credit improvement or deterioration. In the case of expected credit improvement, the Fund may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the Fund to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The Fund may also buy credit default protection with respect to a referenced entity if, in the Investment Manager's judgment, there is a high likelihood of credit deterioration. In such instance, the Fund will pay a premium regardless of whether there is a credit event.

Futures Contracts

The value of futures contracts depends upon the price of the securities, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things,

interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which the Fund's positions trade or of its clearing houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Fund from promptly liquidating unfavorable positions and subject the Fund to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Non-U.S. Futures Transactions

Foreign futures transactions involve executing and clearing trades on a foreign exchange. This is the case even if the foreign exchange is formally "linked" to a domestic exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, the Fund may not be afforded certain of the protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. In addition, the price of any foreign futures or option contract and, therefore, the potential profit and loss resulting therefrom, may be affected by any fluctuation in the foreign exchange rate between the time the order is placed and the time the foreign futures contract is liquidated or the time the foreign option contract is liquidated or exercised.

Forward Contracts

The Fund may enter into forward contracts and options thereon, including non-deliverable forwards, which are currently not traded through clearinghouses, although this is expected to change. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to

quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which the Investment Manager would otherwise recommend, to the possible detriment of the Fund. In its forward trading, the Fund will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the Fund trades. Fund assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. The Investment Manager may order trades for the Fund in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the Fund to the risk of loss.

Contracts for Differences

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

Exotic Options

Exotic options are typically, but not always, traded over-the-counter (“OTC”). OTC contracts may not trade in a liquid market and pricing may be opaque. The illiquidity of these markets can be exacerbated in times of market stress. The Fund may incur substantial costs entering into and exiting positions that could have a material impact on performance. Exotic options may be subject to a higher degree of pricing risk as demonstrated by instances in which

different counterparties in the market employ different valuation and pricing methodologies to the same exotic option. Because exotic options can often be highly customized, there is lower visibility with respect to the pricing and valuation of these instruments. Exotic options may be subject to high levels of price volatility. For example, in the case of barrier options, as the price of the asset underlying the option trades closer to a barrier level, the delta of the option (*i.e.*, the ratio of the change in the price of the underlying asset to the corresponding change in the price of the option) and the gamma of the option (*i.e.*, the rate of change of the delta with respect to the underlying asset's price) may become very high. Exotic options may be subject to higher levels of model risk than commonly traded options because standard models are not able to adequately capture or predict the risks associated with the exotic options. Exotic options may be "path-dependent." This means that their terminal value (at exercise or expiration) depends upon the value of the underlying asset, not only at the time of exercise or expiration, but also at prior points in time. In this sense, the option's terminal value depends upon the "path" taken by the underlying asset over the life of the option. For example, a barrier option's value at expiration depends upon both the value of the underlying asset at expiration and whether the past value of the underlying asset ever satisfied a barrier condition. In contrast, a vanilla option (*e.g.*, a call option) is not path dependent. Its value at exercise or expiration depends on the value of the underlying asset only at that point in time. The additional features incorporated by exotic options require additional judgments regarding the likelihood of certain conditions being satisfied, any one of which can result in loss if made incorrectly. An OTC option may be closed out only with the counterparty, although either party may engage in an offsetting transaction that puts that party in the same economic position as if it had closed out the option with the counterparty; however, the exposure to counterparty risk may differ. OTC options generally involve greater credit and counterparty risk than exchange-traded options.

Risks Relating to Non-U.S. Investments and Non-U.S. Jurisdictions

Non-U.S. Exchanges

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

Non-U.S. Investments

Investing in the Securities of companies, including Real Estate Related Companies and, from time to time, governments outside of the United States, involves certain considerations not usually associated with investing in Securities of U.S. companies or the U.S. government, including political and economic considerations, such as greater risks of expropriation, nationalization, confiscatory taxation, imposition of withholding or other taxes on interest, dividends, capital gains, other income or gross sale or disposition proceeds, limitations on the removal of assets and general social, political and economic instability; the relatively small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; the evolving and unsophisticated laws and regulations

applicable to the securities and financial services industries of certain countries; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Fund's investment opportunities. In addition, accounting and financial reporting standards that prevail outside of the U.S. generally are not as high as U.S. standards and, consequently, less information is typically available concerning companies located outside of the U.S. than for those located in the U.S. As a result, the Fund may be unable to structure its transactions to achieve the intended results or to mitigate all risks associated with such markets. It may also be difficult to enforce the Fund's rights in such markets. For example, Securities traded on non-U.S. exchanges and the non-U.S. persons that trade these instruments are not subject to the jurisdiction of the SEC or the CFTC or the securities and commodities laws and regulations of the U.S. Accordingly, the protections accorded to the Fund under such laws and regulations are unavailable for transactions on non-U.S. exchanges and with non-U.S. counterparties.

Dependence on Developing Countries

The level of commodity prices can fluctuate widely due to supply and demand disruptions in major producing or consuming regions. In particular, recent growth in industrial production and gross domestic product has made many developing countries, particularly China, disproportionately large users of commodities and has increased the extent to which commodity prices are dependent on the markets of those developing countries. Political, economic and other developments that affect these developing countries may affect the level of certain commodities and, thus, the value of the Fund's investments. Because certain commodities may be produced in a limited number of countries and may be controlled by a small number of producers, political, economic and supply-related events in those countries could have a disproportionate impact on the prices of commodity futures contracts and other types of financial instruments in which the Fund will invest. Events affecting the prices of commodities tend to affect prices worldwide, regardless of the location of the event.

ITEM 9: DISCIPLINARY INFORMATION

Neither Castle Ridge nor any of its affiliates have been the subject of any legal or disciplinary events related to their investment advisory business.

ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Castle Ridge received strategic investments and long term commitment to the Funds from both Reservoir and Sternlicht. Reservoir and Sternlicht have been involved in the creation and development of numerous successful investment partnerships, corporations and other entities and offers valuable experience, insights and business relationships. Neither Reservoir or Sternlicht have control over the investment decisions or management of the Funds, except with regards to certain limited approval rights.

ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Code of Ethics

Castle Ridge has adopted a Code of Ethics pursuant to SEC rule 204A-1. The Code of Ethics includes Castle Ridge's policies as they relate to personal investment and trading by Castle Ridge management and employees, and includes a requirement that securities holdings be reported and approval procedures for certain transactions. The Code of Ethics describes material and nonpublic information and the restrictions on trading on any material and nonpublic knowledge and sets forth the responsibilities of all supervised persons relative to insider trading.

Castle Ridge's Code of Ethics requires, among other things, that Castle Ridge personnel conduct themselves with honesty and integrity, bearing in mind that their conduct reflects on the Castle Ridge's reputation, refrain from any activity that places or appears to place their interests ahead of the interests of Castle Ridge's Clients, observe ethical standards of honesty and integrity and comply with the federal securities laws pertaining to their conduct and Castle Ridge's business.

The following are basic standards of conduct that Castle Ridge personnel are expected to meet:

- Supervised Persons are expected to act with honesty and integrity, and must treat clients in a fair and equitable manner.
- Information obtained in the course of a Supervised Person's activities for the Firm, which is not otherwise generally available to the public, is proprietary and strictly confidential. Supervised Persons may not use, for their personal gain, any information obtained from their position with the Firm.
- No Supervised Person shall (i) misuse material, non-public information (see Policies on Insider Trading below); (ii) employ any device, scheme or artifice to defraud current or potential advisory clients of the Firm; (iii) make any untrue statement of a material fact to a current or potential advisory client of the Firm or omit to state to such client a material fact necessary in order to make the statements made in light of the circumstances under which they are made, not misleading; (iv) engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon current or potential advisory clients of the Firm; or (v) engage in any manipulative practice with respect to the clients or potential clients of the Firm.
- No Supervised Person may knowingly sell for its own account any investment asset (including but not limited to any equity or debt securities in a REIT or real estate related company or an interest in a REIT or real estate related company or asset) to an advisory client of the Firm or knowingly purchase or otherwise acquire any investment asset (including but not limited to any equity or debt securities in a REIT or real estate related

company or an interest in a REIT or real estate related company or asset) from an advisory client of the Firm without first obtaining the written approval of the CCO and the informed, written consent of the client.

- Supervised Persons will use best efforts to avoid activities, relationships and interests that create an appearance of impropriety. If in doubt, a Supervised Person should inquire with the CCO regarding situations that could create the appearance of impropriety.
- Supervised Persons will use best efforts to avoid engaging in any form of conduct that creates an actual conflict of interest, or creates the appearance of a conflict of interest, with a client. Any questions concerning conflicts should be directed to the CCO immediately.
- No Supervised Person (or Immediate Family Member) shall obtain a Control interest or other Control participation in a company with which the Firm or an affiliate does business, unless otherwise approved in advance by the CCO.

Castle Ridge's Code of Ethics also requires its personnel to: 1) pre-clear all permitted personal securities transactions, 2) report personal securities transactions on at least a quarterly basis, and 3) provide Castle Ridge with a detailed summary of certain holdings (both initially upon commencement of employment and annually thereafter) over which such employees have a direct or indirect beneficial interest.

All principals and employees of Castle Ridge must acknowledge understanding and agree to comply with the Code of Ethics initially upon employment and must certify on an annual basis that they have read and understand the Code of Ethics and have complied with it.

The Code of Ethics places restrictions on personal trades by Employees, including that they disclose their personal securities holdings and transactions to the Advisor on a periodic basis, and requires that Employees pre-clear certain types of personal securities transactions. Castle Ridge's Code of Ethics is available to investors and potential investors upon request.

Conflicts of Interest

In addition to the conflicts relating to Castle Ridge's receipt of performance-based compensation, which are discussed in Item 6 and Item 10 above and conflicts relating to choosing broker-dealers to effect transactions for the Clients as described in Item 12 below, investors in the Funds and Managed Accounts are subject to additional conflicts of interest. Some of these conflicts are summarized herein, but this summary does not attempt to describe all of the conflicts of interest associated with an investment in the Funds or Managed Accounts. The confidential offering memorandum for each Fund contains a more complete description of what Castle Ridge believes to be the most significant conflicts of interest associated with an investment in the Funds. Fund investors should carefully consider the conflicts of interest described herein and, as applicable, in the confidential offering memoranda for the Funds before deciding to invest in the Funds. Castle Ridge will consider any investor to have consented to these

Other Activities. Each Client may have investment objectives, programs, strategies and positions that are similar to or may conflict with those of another Client, or may compete with or have interests adverse to another Client. Such conflicts could affect the prices and availability of Securities in which such Client invests. Even if another Client has investment objectives, programs or strategies that are similar to those of a particular Client, the Investment Manager may give advice or take action with respect to the investments held by, and transactions of, the other Clients that may differ from the advice given or the timing or nature of any action taken with respect to the investments held by, and transactions of, a particular Client for a variety of reasons, including, without limitation, differences between the investment strategy, financing terms, regulatory treatment and tax treatment of the Clients. As a result, Clients may have substantially different portfolios and investment returns. Conflicts of interest may also arise when the Investment Manager makes decisions on behalf of a Client with respect to matters where the interests of the Investment Manager or one or more other Clients differs from the interests of such Client.

Other Clients. The Investment Manager, its affiliates and personnel will devote as much of their time to the activities of each Client as they deem necessary and appropriate. The Investment Manager, its affiliates and personnel will not be restricted from forming other Clients, from entering into other investment advisory relationships or from engaging in other business activities, even if such activities may be in competition with a particular Client and/or may involve substantial time and resources of the Investment Manager, its affiliates or personnel. These activities could be viewed as creating a conflict of interest in that the time and effort of the Investment Manager, its affiliates and personnel will not be devoted exclusively to the business of a particular Client but will be allocated between the business of such Client and the management of the other Clients and businesses.

Other Trading; Confidential Information. Castle Ridge may cause certain Clients to purchase or sell different securities from those purchased or sold by other Clients, as well as to purchase or sell the same securities that a particular Client is purchasing or selling at or about the same time. Conversely, Castle Ridge may cause a Client to purchase securities at or about the same time that another Client is selling such securities and vice versa. In each case, Castle Ridge will in good faith attempt not only to allocate market opportunities equitably among its different Clients — having in mind the different strategies followed by these different Clients as well as the need not to prefer any Client account over another.

A Client may from time to time purchase securities from, or sell securities to, other Castle Ridge Clients, in situations where Castle Ridge believes that both parties are benefited by the transaction and the securities involved have a readily determinable market value. In no event will Castle Ridge or any affiliate receive any form of compensation for effecting any such transactions (Castle Ridge receiving only its standard advisory compensation from the Clients).

The Castle Ridge Parties may acquire material non-public and/or confidential information that may restrict by law, internal policies or otherwise Castle Ridge from purchasing or selling securities for themselves or Clients or otherwise using or receiving such information for the benefit of the Castle Ridge Parties or their Clients. In order to maintain flexibility to invest in securities without violating securities laws that restrict trading while in possession of material non-public information, Castle Ridge may establish information walls restricting its access to

material non-public information that might otherwise be available to it through its relationships with other Castle Ridge Parties.

Transactions between the Funds and/or Managed Accounts and Castle Ridge. To the extent consistent with and not in violation of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), Castle Ridge may effect purchase and sale transactions between any Client with another Client (“Cross Trades”) when Castle Ridge, exercising its judgment in good faith, determines that a Cross Trade is mutually beneficial to the Clients and is fair and equitable. Castle Ridge will effect a Cross Trade at or with reference to the market price of the securities involved, and may effect such Cross Trade via a broker-dealer or other third party market participant. In effecting a Cross Trade, Castle Ridge will not intentionally favor one party to the transaction over the other, notwithstanding that in hindsight a Cross Trade may appear to have favored one party to the trade over the other. Castle Ridge will not receive commissions, or otherwise profit, from Cross Trades. Cross Trades will be effected only to the extent permitted by applicable law. In any Cross Trade, Castle Ridge will have a potentially conflicting division of loyalties and responsibilities regarding both Clients that are parties to a particular Cross Trade.

Castle Ridge may, when permitted, enter into “principal transactions” (including swaps) with any Client in which Castle Ridge acts as principal for its own account with respect to the sale of a security to or purchase of a security from such Client (any such transaction, a “Principal Trade”). Principal Trades will be completed in compliance with applicable law. In analyzing Principal Trades, Castle Ridge will have a conflict between acting in the best interests of the relevant Client and assisting itself or its affiliate by selling or purchasing a particular security on account of the potential conflicts of interest involved. Castle Ridge as a matter of policy disfavors such trades and would only seek to enter into such a trade if it believed that such trade was in the best interest of the affected parties.

Trade Errors

Each Fund may on occasion experience errors with respect to trades made on its behalf. Trade errors may include, for example, (i) the placement of orders (either purchases or sales) in excess of, or less than, the amount of Securities the Fund intended to trade; (ii) the sale of a Security when it should have been purchased; (iii) the purchase of a Security when it should have been sold; (iv) the purchase or sale of the wrong Security; (v) incorrect allocations of Securities; (vi) keystroke errors that occur when entering trades into an electronic trading system; and (vii) typographical or drafting errors related to derivatives contracts or similar agreements. Trade errors may result in losses or gains. The Investment Manager generally will seek to detect trade errors prior to settlement and promptly correct and/or mitigate them. To the extent an error is caused by a counterparty, such as a broker-dealer, the Investment Manager will seek to recover any losses associated with such error from the counterparty.

Pursuant to the exculpation and indemnification provided by each Fund and the Master Fund to the Investment Manager and its affiliates and personnel, the Investment Manager and its affiliates and personnel will generally not be liable to the Fund or the Master Fund for any act or omission, absent bad faith, gross negligence, willful misconduct or actual fraud and the Fund or the Master Fund, as applicable, will generally be required to indemnify such persons against any

losses they may incur by reason of any act or omission related to the Fund and/or the Master Fund, as applicable, absent bad faith, gross negligence, willful misconduct or actual fraud. As a result of these provisions, the Fund (and not the Investment Manager) will benefit from any net gains resulting from trade errors and will be responsible for any net losses (including additional trading costs) resulting from trade errors and similar human errors, absent bad faith, gross negligence, willful misconduct or actual fraud. The Investment Manager may offset any such net gains and net losses resulting from trade errors. The Investment Manager will reimburse the Fund for losses for which the Investment Manager is responsible under the exculpation provisions. Given the potentially large volume of transactions executed by the Investment Manager on behalf of the Fund, investors should assume that trade errors (and similar errors) will occur and that, to the extent permitted by applicable law and under the Fund Documents, the Fund will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of the Investment Manager's personnel.

ITEM 12: BROKERAGE PRACTICES

Selection of Broker-Dealers

The Investment Manager has complete discretion in deciding which Securities are bought and sold, the amount and price of those Securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

Portfolio transactions for each Fund will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to the Investment Manager and/or certain Accounts, but not beneficial to all Accounts. Subject to best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services, the Investment Manager may consider, among other factors that are deemed appropriate to consider under the circumstances, the following: the ability of the brokers and dealers to effect the transaction; the brokers' or dealers' facilities, reliability and financial responsibility; and the provision by the brokers of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, access to company management and access to deal flow.

Accordingly, the prices and commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to each Fund by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such services. The Investment Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither the Investment Manager nor the Fund separately compensates any broker or dealer for any of these other services.

If the Investment Manager decides, based on the factors set forth above, to execute over-the-counter transactions on an agency basis through Electronic Communications Networks ("ECNs"), it will also consider the following factors when choosing to use one ECN over another: the ease of use; the flexibility of the ECN compared to other ECNs; and the level of care and attention that will be given to smaller orders.

The Investment Manager maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

Soft Dollars

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

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

When the Investment Manager uses brokerage commissions (or markups or markdowns) generated by any Accounts to obtain research or other products or services, the Investment Manager receives a benefit because it does not have to produce or pay for such products or services. The Investment Manager may have an incentive to select or recommend a broker-dealer based on the Investment Manager’s interest in receiving research or other products or services, rather than on an Account’s interest in receiving the most favorable execution.

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

Directed Brokerage

Castle Ridge does not permit the investors in the Funds to direct brokerage. However, Clients in Managed Accounts may request Castle Ridge to utilize specific broker-dealers, and such requests are merely suggestions and not mandates. Castle Ridge retains ultimate discretion with respect to brokerage.

Aggregation of Purchase or Sale Orders

Castle Ridge may aggregate sales and purchase orders of securities placed for one Client with similar orders being made simultaneously for other Clients, including affiliated Clients, where Castle Ridge believes this to be appropriate, in the best interest of the Client accounts, and consistent with applicable legal requirements. It is Castle Ridge's policy to make all allocations of aggregated trades among participating accounts on a fair and equitable basis over time, to the extent practicable, without favoring any account or type of account or Client over another over a period of time. In addition, in making its investment decisions for each account, Castle Ridge will use its best judgment on behalf of each Client taking into consideration the investment guidelines for the account and other factors.

ITEM 13: REVIEW OF ACCOUNTS

All accounts managed by Castle Ridge are reviewed and subjected to risk analysis (*e.g.*, exposure by sectors, sub-sectors, liquidity, *etc.*) on a daily basis by Castle Ridge's Chief Executive Officer and Chief Compliance Officer in consultation with one or more traders. Such analysis includes review of the day's trading in terms of actual trades, netted trades and daily, monthly and year-to-date profit and loss.

Castle Ridge furnishes to each investor in the Funds a summary written report of the relevant Fund's estimated performance on a monthly or quarterly basis, as well as an estimate of the increase or decrease in the balance of such investor's account during such time period, and such other information as Castle Ridge may deem appropriate. As soon as practicable after the end of each fiscal year, the Funds will furnish to each investor a report as of the end of such fiscal year, and will include the following information; (i) the audited balance sheet and income statement of the Fund; (ii) the investor's closing balance; (iii) the percentage change in the net asset value of the Fund during the latest fiscal year; and (iv) a copy of Schedule K-1 where applicable.

The Funds aim to deliver annual audited financial statements and applicable tax information within 90 days following the end of their fiscal years. However, because the positions and strategy of the Funds are complex and preparing financial statements and tax returns may depend upon information from third parties, the Funds may not be able to deliver to their investors financial statements and Schedule K-1 to the Funds' federal income tax return, where applicable, before the original time that investors are required to file their federal, state and local income tax returns without extensions. Therefore, investors may need to obtain one or more extensions of time to file their tax returns.

Reports with respect to Managed Accounts are individually negotiated with each Client.

ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

As discussed above in “*Item 12: Brokerage Practices*,” certain broker-dealers or other counterparties may provide Castle Ridge certain “soft dollar” research or other services as a result of Castle Ridge executing transactions with such persons. See “*Item 12: Brokerage Practices*.”

ITEM 15: CUSTODY

The Investment Manager will be deemed to have custody of client funds and Securities because it will have the authority to obtain client funds or Securities, for example, by deducting advisory fees from a client’s account or otherwise withdrawing funds from a client’s account.

The Investment Manager will be subject to Rule 206(4)-2 under the Advisers Act (the “Custody Rule”). However, it will not be required to comply (or will be deemed to have complied) with certain requirements of the Custody Rule with respect to the Fund because it will comply with the provisions of the so-called “Pooled Vehicle Annual Audit Exception,” which, among other things, requires that the Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its Fiscal Year.

The Prime Brokers are each a “qualified custodian” as such term is defined in the Custody Rule. The Investment Manager will maintain client assets in compliance with the Custody Rule.

Castle Ridge does not have custody with respect to its Managed Accounts.

ITEM 16: INVESTMENT DISCRETION

Castle Ridge has full discretionary authority to conduct the trading activities and manage the assets of the Funds and Managed Accounts within the parameters of their investment objectives and strategies, pursuant to the Funds’ confidential offering memoranda and the managed account agreements (some of which impose restrictions on the investment authority of Castle Ridge).

ITEM 17: VOTING CLIENT SECURITIES

In compliance with Rule 206(4)-6 under the Advisers Act, the Investment Manager has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, “Proxies”), in a prudent and diligent manner that will serve the applicable Account’s best interest and is in line with each Account’s investment objectives.

The Investment Manager may take into account all relevant factors, as determined by the Investment Manager in its discretion, including, without limitation: (i) the impact on the value of the securities or instruments owned by the relevant Account and the returns on those securities;

(ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices.

In limited circumstances, the Investment Manager may refrain from voting Proxies where the Investment Manager believes that voting would be inappropriate, taking into consideration the cost of voting the Proxies and the anticipated benefit to its Accounts. Generally, investors may not direct the Investment Manager's vote in a particular solicitation.

Conflicts of interest may arise between the interests of the Accounts on the one hand and the Investment Manager or its affiliates on the other hand. If the Investment Manager determines that it may have, or is perceived to have, a conflict of interest when voting Proxies, the Investment Manager will vote in accordance with its Proxy voting policies and procedures. Investors may obtain a copy of the Investment Manager's Proxy voting policies and its Proxy voting record upon request.

ITEM 18: FINANCIAL INFORMATION

Not applicable.