

Form ADV Part 2A

Chimera Capital Management, LLC

350 Seventh Avenue, Suite 1205

New York, NY 10001

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This brochure provides information about the qualifications and business practices of Chimera Capital Management, LLC (“Chimera” or the “Firm”). If you have any questions about the contents of this brochure, please contact Oleg Sheyner, Chimera’s Chief Compliance Officer (“CCO”) at 212-300-7659 or by email at oleg@chimeracap.com.

The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about Chimera Capital Management, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Any reference to Chimera Capital Management, LLC as a “registered investment adviser” or being “registered” does not imply a certain level of skill or training.

ITEM 2 - MATERIAL CHANGES

This is the Firm's initial submission of this Brochure. In the future, this Item will be used to report any material changes.

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ITEM 4 – ADVISORY BUSINESS

Chimera Capital Management, LLC (“**Chimera**” or the “**Firm**”), a Delaware Limited Liability Company, was organized in March 2017 and is headquartered in New York, NY. Chimera is owned and controlled by the following Members:

- Daniel Sheyner – Chief Investment Officer
- Oleg Sheyner – CTO/COO/CCO
- Anish Prabhakar – Portfolio Manager

Chimera provides investment advisory services on a discretionary basis to a pooled investment vehicle, the Chimera Capital Fund, LP (the “**Chimera Fund**” or the “**Fund**”), a Delaware limited partnership. The Firm also provides investment advisory services as a sub-advisor to various private pooled investment funds through a managed account agreement (each a “**Managed Account**” and collectively, the “**Managed Accounts**”). Collectively the **Managed Accounts** and the **Chimera Fund** are herein referred to as the “**Funds**” or the “**Clients**” or the “**Client Accounts**”.

Chimera manages the Chimera Fund pursuant to investment guidelines set forth in the relevant governing and offering documents of the Chimera Fund, including any limited partnership agreement, investment management agreement, private placement memorandum and/or subscription agreement (each an “**Offering Document**”, and collectively, the “**Offering Documents**”). The Offering Documents contain more detailed information about the Chimera Fund, including a description of the investment objective and strategy or strategies employed by the Fund and related restrictions that serve as a limitation on Chimera’s advice or management. Each individual investor (each an “**Investor**” or a “**Chimera Fund Investor**” and collectively the “**Investors**” or the “**Chimera Fund Investors**”) in the Chimera Fund is strongly encouraged to undertake appropriate due diligence, including but not limited to a review of relevant Offering Documents and the additional details about Chimera’s investment strategies, methods of analysis and related risks in Item 8 of this Brochure in considering whether Chimera’s advisory services or an investment in the Chimera Fund are appropriate to its own circumstances based on all relevant factors including, but not limited to, the Investor’s own investment objectives, liquidity requirements, tax situation and risk tolerance before making an investment decision.

Chimera will not tailor its advisory services to the Chimera Fund Investors, or provide Chimera Fund Investors with the right to specify, or restrict the Chimera’s Fund’s investment objectives or any investment or trading decisions.

The Chimera Fund will rely on the exception from the definition of an “investment company” provided by Section 3(c) (1) of the U.S. Investment Company Act of 1940, as amended (the “**Investment Company Act**”).

Chimera Capital GP, LLC will serve as the general partner of the Chimera Fund (the “**General Partner**”) and will have ultimate responsibility for decisions relating to management and operations made on behalf of the Fund and has ultimate responsibility for the investment decisions made on behalf of the Fund.

Chimera sub-advises the Managed Accounts pursuant to the terms of the investment management agreement entered into between Chimera and the investment adviser to each Managed Account. In general, Chimera incorporates the same investment strategy in advising the Chimera Fund and the Managed Accounts.

Additional detailed information about Chimera is provided below, including information about Chimera’s advisory services, investment approach, personnel and affiliations.

Chimera will not participate in wrap fee programs.

As of February 28, 2020, the Firm managed \$60,294,050 in regulatory assets under management (“**RAUM**”) all on a discretionary basis.

ITEM 5 – FEES AND COMPENSATION

Chimera Fund

As an investment adviser to the Chimera Fund, as further described in the Offering Documents, Chimera will receive a management fee, calculated at an annual rate of 2% of each Investor’s capital account. The management fee is calculated and paid monthly in advance, based on the value of each Investor’s capital account, as of the first day of the calendar month. Chimera may elect to reduce, otherwise modify or waive the management fee with respect to any Investor. If capital contributions are made at any time other than at the beginning of a calendar month, a pro rata portion of the management fee will be paid to Chimera in respect of such capital contribution (based on the actual number of days remaining in such partial month). If capital accounts are withdrawn at any time other than at the beginning or end of a calendar month, the management fee shall not be refunded to the Investor for such partial month.

Managed Accounts

As the sub-adviser the Managed Accounts, Chimera will receive a management fee that generally ranges between 0% and 2% of the assets that Chimera is advising. In general, Chimera will either invoice the Managed Account directly for fees or, pursuant to their prior authorization in the investment management agreement, deducted the management fee from the qualified custodian of the Managed Account.

The Chimera Fund or a Managed Account Client may pay a management fee that is higher or lower than that of another Client, based on factors such as the amount of assets managed for the Client, performance-based fee parameters, and certain risk parameters.

In certain circumstances, Chimera has reduced the typical management fees and performance fees charged to certain Investors in the Chimera Fund and for certain other Managed Account Clients pursuant to “side letters” or the applicable investment management agreement based on substantial capital commitments to the Fund.

Investment advisory fees are negotiable at Chimera’s sole discretion.

Other Expenses

The Chimera Fund bears and shall be responsible for its own expenses, including, but not limited to, investment related expenses such as the Chimera Fund’s brokerage commissions, interest on margin accounts and other indebtedness, custodial fees, bank service fees, withholding and transfer fees, taxes, systems and technology expenses, third party research tools, corporate licensing fees, legal and auditing expenses, accounting, fund administration (including middle and back office services), filing fees and expenses (including regulatory filings made in respect of the Fund such as Form PF preparation and filing expenses), outsourced risk management advisory and software, investment related consultants, marketing and syndication expenses, including those incurred in marketing fund interests in the European Union, expenses incurred with respect to the preparation, duplication and distribution to Investors and prospective Investors of Offering Documents, annual reports and other financial information, any other services or service provider expenses deemed necessary by the General Partner on behalf of the Chimera Fund.

The General Partner and Chimera bears its own expenses, including office space and utilities, computer equipment and software (not otherwise paid by the Chimera Fund) and secretarial, clerical, employee related and other personnel, except as assumed by the Chimera Fund or except as paid for through the permitted use of commission dollars. At the option of the General Partner, the organizational expenses of the Chimera Fund may be amortized over a period of 60 months from the date the Chimera Fund commenced operations. The amortization of organizational expenses over 60 months is not in accordance with U.S. generally accepted accounting principles (“GAAP”) and could result in an exception opinion in the auditors’ report in the annual audited financial statements if the effect of the difference between amortization and recognition of these expenditures when incurred is deemed material to the financial statements.

The recipients of this Brochure should refer to the Offering Documents for specific information about expenses to be borne by the Chimera Fund advised by Chimera.

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

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

Chimera's performance-based fee normally ranges from 20%-30% of the increase in the net asset value of a Fund ("Net Appreciation") for the relevant time period (typically one year), which may be subject to a performance measure (for example, a high water mark, hurdle rate, loss carry forward or other adjustment). Net Appreciation generally includes net investment profits (realized and unrealized), less investment transaction costs, applicable fees and all other accrued expenses including management fees. A performance fee is generally accrued monthly on an "as-if" earned basis and is payable at the end of the performance fee calculation period usually as of December 31st of each year (or on the termination of an investment management agreement or the withdrawal of an investor from a Fund). In certain instances, the performance fee may be payable as of the last day of the calendar quarter (or otherwise quarterly basis).

The existence of performance-based distributions may create an incentive for Chimera to make investments on behalf of the Chimera Fund or a portfolio company that are riskier than would be the case if the General Partner were not entitled to receive such performance-based distributions.

ITEM 7 – TYPES OF CLIENTS

Chimera shall provide discretionary investment advisory services to the Chimera Fund and the Managed Accounts, all privately offered pooled investment vehicles, and not individually to the Investors in the Chimera Fund or the Managed Accounts.

The Investors in the Chimera Fund are "accredited investors" in reliance upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended (the "**Securities Act**"), and Regulation D promulgated thereunder and "qualified clients" as defined in Rule 205-3 of the Advisers Act (the "**Advisers Act**"). In addition, Chimera may, in the future, offer investment advisory services to other pooled investment vehicles and separately managed accounts.

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

Chimera intends to use various methods of analysis and investment strategies in formulating its investment advice to the Funds. Any investment in securities involves a risk of loss that all of its Investors must be prepared to bear.

The investment strategy for the Funds shall be formulated by Chimera in a manner that reflects its investment philosophy and will be consistent with each Fund's objectives. Chimera has not established any specific holding periods with respect to the Funds' investments.

The Funds' investment objectives are to leverage a portfolio of big data sources to generate superior capital appreciation, in varying market conditions, by investing on both a long and a short basis in a select number of investments identified by Chimera. Chimera anticipates the initial investments to be primarily focused in the retail and consumer space; however, the Funds may invest in other economic sectors which Chimera believes are well suited to data-driven investing. The Funds will invest primarily in equity and equity-based securities, but may on occasion invest in other instruments including, without limitation, options, cash equivalents, and fixed income securities. Chimera expects to be highly selective in picking the number and duration of the Funds' exposures. Consequently, at any given time the Funds may hold a significant portion of its assets in cash, cash equivalents, or short-term debt instruments. An investment in the Funds involve a high degree of risk.

The following list of risk factors does not purport to be a complete disclosure of all risks that may be relevant to a decision to purchase an interest in the Chimera Fund or enter into an investment management agreement with Chimera for advising a Managed Account.

Prospective Investors in the Chimera Fund or Managed Account clients should carefully consider the following investment risks and considerations in evaluating Chimera and its business before deciding to purchase an interest in one the Chimera Fund or entering into an investment management agreement as a Managed Account client. As a result of these considerations, as well as other risks inherent in any investment, there can be no assurance that the Funds will meet their investment objectives or otherwise be able to successfully carry out their investment programs, or that an Investor in the Chimera Fund or Management Account client will receive a return of capital.

GENERAL RISK FACTORS

Limited Operating History

Chimera has a limited operating history and therefore may not be able to operate its business, implement its investment strategy or generate sufficient revenue for the Funds or to make or sustain distributions to Investors. Failure to procure adequate fundraising and capital could adversely affect the Funds' ability to grow and/or expand its business, which can negatively impact its performance. In addition, the past investment performance of the Funds or other entities or accounts managed by Chimera or any of their employees or affiliates may not be indicative of the future performance of the Funds.

Reliance on Chimera

The success of the Funds depends on the ability of Chimera to develop and implement investment strategies to achieve the Funds' investment objectives. Although Chimera may impose limits on the types of positions the Funds may take, or the concentration of its investments, the Offering Documents and investment management agreements may not impose such limits. Investors will have no right or power to take part in the management of the Chimera Fund. The Funds' investment performance could be materially adversely affected if any members of Chimera's investment team were to die, become ill or disabled, or otherwise cease to be involved in the active management of the business of the Funds' portfolio.

Operating Deficits

The expenses of operating the Chimera Fund (including management fees payable to Chimera) could exceed its income. This would require that the difference be paid out of the Fund's capital, reducing the amount of capital available to Chimera Fund for investment and the Fund's potential for profitability.

Absence of Regulatory Oversight

While the Chimera Fund may be considered similar to an investment company, it is not required, and does not intend, to register as such under the laws of any jurisdiction. For instance, the provisions of the Investment Company Act, which may provide certain regulatory safeguards to Investors in the Chimera Fund, are not applicable.

Business and Regulatory Risks of Hedge Funds

Legal, tax and regulatory changes could occur during the term of the Chimera Fund that may adversely affect the Chimera Fund. The regulatory environment for hedge funds is evolving, and changes in the regulation of hedge funds may adversely affect the value of investments held by the Chimera Fund or to pursue its trading

strategies. In addition, securities and futures markets are subject to comprehensive statutes, regulations and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivative transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions. The effect of any future regulatory change on the Chimera Fund could be substantial and adverse.

Enhanced Scrutiny and Potential Regulation of Private Investment Funds

There has been enhanced governmental scrutiny and/or increased regulation of the private investment funds and financial services industries in general. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “**Dodd-Frank Act**”) requires, among other things, registration with the SEC of advisors to private investment funds whose assets under management exceed \$150 million (with certain limited exceptions) and imposes new reporting and recordkeeping obligations with respect to the private investment funds they advise.

The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the private investment funds industry generally and/or on the Chimera Fund, specifically. In addition, regulatory agencies in the U.S., Europe, or elsewhere may adopt burdensome laws (including tax laws) or regulations, or changes in law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private investment funds industry, or other changes that could adversely affect private investment firms and the funds they sponsor, including the Chimera Fund. Additional governmental scrutiny may increase the Funds’, and Chimera’s exposure to potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight, enhanced regulation and the adoption of new statutes, rules or regulations with respect to the investment activities of the Funds may also reduce the amount and availability of the investment opportunities of the Funds. The reduction of such investment opportunities could have a material and adverse effect on the investment performance of the Funds. Such increased regulatory oversight and regulation may also impose additional administrative burdens on Chimera and such regulatory proposals, or any future proposals, if adopted could adversely affect the Funds, including the business, financial condition and prospects of the Funds, and could also require increased transparency as to the identity of the Chimera Fund Investors.

Assignment of Advisory Contract

Federal and state laws applicable to investment advisers (including, without limitation, the Investment Advisers Act and rules promulgated thereunder) may impose limitations on Chimera’s ability to assign certain of its rights and obligations under the Offering Documents and investment management agreements of the Managed Accounts. Normally, such limitations would permit Chimera to

engage in transactions that do not involve a change of control of Chimera or its affiliate entities without consent of the Chimera Fund Investors or Managed Account clients. However, to the extent that an assignment does involve a change of control, Chimera will be required to seek consent of the Chimera Fund Investors and Managed Account clients before the transaction will be consummated. To the extent that the consent of Chimera Fund Investors or Managed Account clients is required for a particular assignment, such consent may be withheld to a transaction that would, in the view of Chimera benefit the Funds and/or the Chimera Fund Investors. Generally, these laws do not require a minimum length of time for notices or deadlines to provide or withhold consent. Chimera may establish reasonable notice periods and deadlines in its discretion. Chimera may seek Chimera Fund Investor and/or Managed Account consent via electronic means and/or negative consent.

Limited Withdrawal Rights of the Chimera Fund

An investment in the Chimera Fund is suitable only for certain sophisticated Investors who have no need for liquidity in the investment. Generally, after the expiration of the lock-up period, Investors may withdraw their capital accounts as of the last day of any calendar month. Further, distribution of proceeds upon an Investor's withdrawal may be limited where, in the view of Chimera, the disposal of all or part of the Chimera Fund's assets, or the determination of the value of the Investor's capital account, among other reasons, would not be reasonable or practicable or would be prejudicial to the non-withdrawing Investors.

Effect of Withdrawals on the Chimera Fund

A significant withdrawal of capital accounts from the Chimera Fund may cause a temporary imbalance in the Fund's portfolios, which may adversely affect the remaining non-withdrawing Investors. The Chimera Fund may distribute cash and/or securities to withdrawing Investors.

Contingency Reserves of the Chimera Fund

The Chimera Fund, at any time in its discretion and in consultation with Chimera, may establish reserves for contingencies (including general reserves for unspecified contingencies). The establishment of such reserves will not insulate any portion of the Chimera Fund's assets from being at risk, and such assets may still be traded by the Fund. A pro-rata portion of any reserve may be withheld from distribution to a withdrawing Investor.

In-Kind Distributions from the Chimera Fund

In the discretion of Chimera, a Chimera Fund Investor may receive in-kind distributions from the Chimera Fund's portfolios. Such investments so distributed

may not be readily marketable or saleable and may have to be held by such Investor for an indefinite period of time. Any such in-kind distributions will not materially prejudice the interests of the remaining Chimera Fund Investors.

Information Rights

Subject to the sole and absolute discretion of Chimera, certain Chimera Fund Investors may invest on terms that provide access to information that is not generally available to other Chimera Fund Investors (or other Managed Account clients) and, as a result, may be able to act on such additional information (i.e., withdraw their capital accounts) that other Chimera Fund Investors do not receive.

Incentive Allocation to Chimera or an Affiliate Entity

Chimera is entitled to receive an Incentive Allocation from the Funds, based upon the net capital appreciation of the Funds. The Incentive Allocation may create an incentive for Chimera to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect. In addition, because the Incentive Allocation is calculated on a basis which includes unrealized appreciation of the Funds' assets, it may be greater than if such compensation were based solely on realized gains.

Side Letter Agreements

In accordance with common industry practice, Chimera may enter into one or more "side letters" or similar agreements with certain Chimera Fund Investors and/or Managed Account clients pursuant to which they may agree to vary certain of the terms applicable to any such Investor or Managed Account client or grant to any such Chimera Fund Investor or Managed Account specific rights, benefits or privileges that are not made available to Chimera Fund Investors or Managed Account clients generally. Chimera may also agree to provide a greater level of disclosure regarding the investments and activities of the Funds to certain Chimera Fund Investors or Managed Account clients than others. Such agreements will be disclosed only to those actual or potential Chimera Fund Investors or Managed Account clients that have separately negotiated with Chimera for the right to review such agreements.

CONFLICTS OF INTEREST

General Partner and Chimera Conflicts of Interest

The General Partner and Chimera will use its best efforts in connection with the purposes and objectives of the Funds and will devote as much of its time and effort to the affairs of the Funds as it deems necessary and appropriate to accomplish the purposes of the Funds. Under the terms of the Offering Documents, the General Partner and its directors, members, partners, shareholders, officers, employees,

agents and affiliates, including Chimera, (hereinafter referred to as the “Affiliated Parties”), may conduct any other business, including any business within the securities industry, whether or not such business is in competition with the Funds. Without limiting the generality of the foregoing, the Affiliated Parties may act as investment adviser or investment manager for others, may manage funds, separate accounts or capital for others and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. Such other entities or accounts may have investment objectives or may implement investment strategies similar or different to those of the Funds. In addition, the Affiliated Parties may, through other investments, including other investment funds, have interests in investments in which the Funds invests as well as interests in investments in which the Funds does not invest. As a result of the foregoing, the Affiliated Parties may have conflicts of interest in allocating their time and activity between the Funds and other entities, in allocating investments among the Funds and other entities and in effecting transactions for the Funds and other entities, including ones in which the Affiliated Parties may have a greater financial interest.

Investment Opportunities

Neither the General Partner nor the Affiliated Parties are obligated to make any particular investment opportunity available to the Funds and may take advantage of any opportunity, either for other accounts the General Partner manages or for themselves.

Allocations

The Affiliated Parties may give advice or take action with respect to such other entities or accounts that differs from the advice given with respect to the Funds. To the extent a particular investment is suitable for both the Funds and other clients of the Affiliated Parties, such investments may be allocated between the Funds and the other clients in some manner that the Affiliated Parties determine is fair and equitable under the circumstances to all clients, including the Funds. When it is determined that it would be appropriate for the Funds and one or more other investment accounts managed by Chimera or its affiliates to participate in an investment opportunity, Chimera will seek to execute orders for all of the participating investment accounts, including the Funds, on an equitable basis, taking into account such factors as the relative amounts of capital available for new investments, relative exposure to short-term market trends, and the investment programs and portfolio positions of the Funds and the affiliated entities for which participation is appropriate. Orders may be combined for all such accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities may be allocated among the different accounts on a basis which Chimera or its affiliates consider equitable.

Cross-Transactions

Situations may arise where certain assets held by one or more funds and investment accounts managed by Chimera may be transferred to other funds and investment accounts managed by Chimera, including for the purpose of rebalancing the portfolios of such funds and investment accounts. Such transactions will be conducted in accordance with, and subject to, Chimera's fiduciary obligations to the Funds. Chimera is authorized to select, one or more persons, not affiliated with Chimera, to serve on a committee, the purpose of which will be to consider and, on behalf of the Investors, approve or disapprove, to the extent required by applicable law, principal transactions and certain other related party transactions.

Soft Dollars

Chimera currently intends to use soft dollars within the "safe harbor" provided by Section 28(e) of the United States Securities Exchange Act of 1934, as amended ("Securities Exchange Act"). The use of brokerage commissions to obtain research services creates a conflict of interest between Chimera and the Funds. This may result in the Funds paying higher brokerage commissions than might be paid if transactions were effected through brokers that do not provide such services. To the extent that Chimera is able to acquire these products and services without expending its own resources or at reduced prices, Chimera's use of "soft dollars" would tend to increase their profitability. In addition, the availability of these non-monetary benefits may influence Chimera to select one broker rather than another to perform services for the Funds.

INVESTMENT AND TRADING RISKS

General Investment and Trading Risks

An investment in the Funds involves a high degree of risk, including the risk that the entire amount invested may be lost. The Funds invest in securities and other financial instruments using strategies and investment techniques with significant risk characteristics. No guarantee or representation is made that the Funds' program will be successful. The Funds' investment program may utilize investment techniques including, but not limited to option transactions, margin transactions, short sales, forwards and derivatives trading, the use of which can, in certain circumstances, maximize the adverse impact to which the Funds may be subject.

Equity Investments

The Funds' equity investments may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. There are no absolute restrictions in regard to the size or operating experience of the companies in which the Funds may invest (and

relatively small companies may lack management depth or the ability to generate internally, or obtain externally, the funds necessary for growth and companies with new products or services could sustain significant losses if projected markets do not materialize). Equity prices are directly affected by issuer specific events, as well as general market conditions. In addition, in many countries investing in common stocks is subject to heightened regulatory and self-regulatory scrutiny as compared to investing in debt or other financial instruments.

Small and Mid-Cap Risks

A portion of the Funds' assets may be invested in securities of small-cap and mid-cap issuers. While in Chimera's opinion the securities of small-cap and mid-cap issuers may offer the potential for greater capital appreciation than investments in securities of large-cap issuers, securities of small-cap issuers may also present greater risks. For example, some small-cap and mid-cap issuers often have limited product lines, markets, or financial resources. They may be subject to high volatility in revenues, expenses and earnings. Their securities may be thinly traded, may be followed by fewer investment research analysts and may be subject to wider price swings and thus may create a greater chance of loss than when investing in securities of larger-cap issuers. The market prices of securities of small- and mid-cap issuers generally are more sensitive to changes in earnings expectations, to corporate developments and to market rumors than are the market prices of large-cap issuers. Transaction costs in securities of small-cap and mid-cap issuers may be higher than in those of large-cap issuers.

Exchange Traded Funds

The Funds may invest in exchange-traded funds ("**ETFs**"), which are a type of index funds bought and sold on a securities exchange. The risks of owning an exchange traded fund ("**ETF**") generally reflect the risks of owning the underlying securities they are designed to track, although lack of liquidity in an ETF could result in it being more volatile and ETFs have management fees that increase their costs. ETFs are also subject to other risks, including: (i) the risk that their prices may not correlate perfectly with changes in the underlying index; and (ii) the risk of possible trading halts due to market conditions or other reasons that, in the view of the exchange upon which an ETF trades, would make trading in the ETF inadvisable. An exchange-traded sector fund may also be adversely affected by the performance of that specific sector or group of industries on which it is based.

Derivative Investments

The Funds may invest and trade in a variety of derivative instruments, both to hedge the Funds' portfolio and for profit. Derivative instruments or "derivatives" include options and other instruments and contracts that are derived from, or the value of which is related to, one or more underlying securities, financial benchmarks,

currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular security, financial benchmark currency or index at a fraction of the cost of investing in the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset, and thus the Funds' ability to profit or avoid risk through investment or trading in derivatives will depend on Chimera's ability to anticipate changes in the underlying assets, reference rates or indices. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading.

Risks of Investments in Options

Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value.

The Funds may buy or sell (write) both call options and put options, and when they write options, it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. The Funds' option transactions may be part of a hedging strategy (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which the Funds has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, without taking into account other positions or transactions the Funds may enter into, the principal risks involved in options trading can be described as follows: When the Funds buy an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of their investment in the option (including commissions). The Funds could mitigate those losses by selling short, or buying puts on, the securities for which it holds call options, or by taking a long position (e.g., by buying the securities or buying calls on them) in securities underlying put options.

When the Funds sell (write) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is “covered.” If it is covered, the Funds would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Funds might suffer as a result of owning the security. Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk and operations risk.

Net Cash

The Funds may hold a significant portion of its portfolio in cash and cash equivalents. This may result in the Funds’ investment results underperforming market indices, or a portfolio which is 100% invested without any net cash holdings.

Highly Volatile Markets

The prices of financial instruments in which the Funds may invest can be highly volatile. Price movements of forward and other derivative contracts in which the Funds’ assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The Funds are subject to the risk of failure of any of the exchanges on which their positions trade or of its clearinghouses.

High Risk Investments

While investments in companies in certain industries offer the opportunity for significant capital gains, such investments involve a high degree of business, financial, technological and regulatory risk, which can result in substantial losses. Moreover, Funds’ portfolios may include investments particularly subject to increased risk because they are in companies at an early stage of development, which have been or may go into bankruptcy, acquired as leverage buyouts subject to interest rate fluctuations, or engaged in highly competitive industries dominated by companies with substantially greater resources. As a result, the Funds may experience substantial volatility and potential for loss. Chimera believes that its investment program and research techniques moderate this risk through a careful

selection of securities and other financial instruments. However, no guarantee or representation is made that the program will be successful.

Unidentified Investments; Competitive Market for Investments

Chimera may be very selective when seeking investments. The business of identifying and structuring certain transactions is competitive (and may become more competitive in the future) and involves a high degree of uncertainty. There can be no assurance that Chimera will be able to locate and complete attractive investments or that it will be able to adhere to the investment strategy outlined herein. Furthermore, there can be no assurance that Chimera will be able to invest the entire amount of the Funds' assets or that suitable investment opportunities will otherwise be identified. If Chimera is unable to identify adequate investments at any given time, a significant portion of the Funds' assets may be held in cash or equivalents, which produce low rates of return.

Hedging Transactions

Chimera is not required to attempt to hedge portfolio positions in the Funds and, for various reasons, may determine not to do so. Furthermore, Chimera may not anticipate a particular risk so as to hedge against it. The Funds may utilize financial instruments, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of the Funds' investment portfolios resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Funds' unrealized gains in the value of the Funds' investment portfolios; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Funds' portfolios; (v) hedge the interest rate or currency exchange rate on any of the Funds' liabilities or assets; (vi) protect against any increase in the price of any securities the Funds anticipate purchasing at a later date; or (vii) for any other reason that Chimera deems appropriate. The success of the Funds' hedging strategy is subject to Chimera's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Funds' hedging strategy is also subject to Chimera's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if it had not engaged in any such hedging transactions. For a variety of reasons, Chimera may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Funds from achieving the intended hedge or expose the Funds to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Funds' portfolio holdings.

Brokerage Commissions/Transaction Costs

During some periods, the Funds' activities may involve a high level of trading, and the turnover of its portfolio may generate substantial transaction costs. These costs will be borne by the Funds, regardless of their profitability.

Short Selling

Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Funds engage in short sales depends upon Chimera's investment strategy and opportunities. 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 Funds of buying those securities to cover the short position. There can be no assurance that the Funds will be able to maintain the ability to borrow securities sold short. In such cases, the Funds 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 are available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Limited Diversification

The Offering Documents of the Chimera Fund and the investment management agreements for the Managed Accounts do not necessarily limit the amount of the Funds' capital that may be committed to any single investment, industry or sector. At any given time, it is therefore possible that Chimera may select investments that are concentrated in a limited number or types of investments. This limited diversity could expose the Funds to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments.

Non-U.S. Securities

Investments in securities of non-U.S. issuers pose a range of potential risks which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, political or social instability, illiquidity, price volatility and market manipulation. In addition, less information may be available regarding securities of non-U.S. issuers, and non-U.S. issuers may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. issuers. Transaction costs of investing in non-U.S. securities markets are generally higher than in the

U.S. There is generally less government supervision and regulation of exchanges, brokers and issuers than there is in the United States. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The Funds might have greater difficulty taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Funds' performance.

Currency

The Funds may invest a portion of its assets in instruments denominated in currencies other than the U.S. dollar, the price of which is determined with reference to currencies other than the U.S. dollar. The Funds will, however, be valued in U.S. dollars. To the extent unhedged, the value of the assets will fluctuate with U.S. dollar exchange rates as well as the price changes of investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies will reduce, all other economic factors being constant, the effect of increases and magnify the effect of decreases in the prices of the account's securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on non-U.S. dollar securities. To the extent permitted, the Funds also may, but do not expect to regularly do so, utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Illiquid Investments

The Funds may invest in securities and other assets, which are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and the Funds may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. The Funds may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. An investment in the Funds are suitable only for certain sophisticated Investors who do not require immediate liquidity for their investments.

Information Sources

Chimera selects investments for the Funds based in part on information and data that the issuers of such securities file with various government agencies or make directly available to Chimera or that Chimera obtains from other sources. Chimera is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not readily available.

Counterparty Risk

Some of the markets in which the Funds may effect its transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange-based” markets. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated its transactions with a single or small group of counterparties. The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Funds have no internal credit function that evaluates the creditworthiness of their counterparties. The ability of the Funds to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparty’s financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

No Control Over Portfolio Issuers

In managing the Funds, Chimera may acquire substantial positions in the securities of particular companies. Nevertheless, the Funds are unlikely to be represented on the board of directors or share any control over the management of any such company. The success of each investment depends on the ability and success of the management of that company, in addition to economic and market factors.

Cybersecurity Risk

As part of its business, Chimera processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of the Chimera Fund Investors. Similarly, service providers of Chimera or the Funds, especially the administrator, may process, store and transmit such information. Chimera maintains procedures and systems to protect such information and prevent data loss and security breaches.

However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to Chimera may be susceptible to compromise, leading to a breach of Chimera's network. Chimera's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Breach of Chimera's information systems may cause information relating to the transactions of the Funds and personally identifiable information of the Chimera Fund Investors to be lost or improperly accessed, used or disclosed.

The service providers of Chimera and the Fund are subject to the same electronic information security threats as Chimera. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Funds and personally identifiable information of the Chimera Fund Investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of Chimera's or the Funds' proprietary information may cause Chimera or the Funds to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Funds and the Investors' investments therein.

Terrorist Action

There is a risk of terrorist attacks on the United States and elsewhere causing significant loss of life and property damage and disruptions in global markets. Economic and diplomatic sanctions may be in place or imposed on certain states and military action may be commenced. The impact of such events is unclear but could have a material effect on general economic conditions and market liquidity.

Master-Feeder Structure

In the future, the Chimera Fund may invest through a "master-feeder" structure. The "master-feeder" fund structure presents certain unique risks to Investors. For example, a smaller feeder fund investing in a master fund may be materially affected by the actions of a larger feeder Funds investing in such master fund. If a larger feeder fund redeems its shares of a master fund, a remaining feeder fund may experience higher *pro rata* operating expenses, thereby producing lower returns. A master fund may become less diverse due to a redemption by a larger feeder fund, resulting in increased portfolio risk. A master fund is a single entity and creditors of such master fund may enforce claims against all assets of such master fund,

including a pro rata share of assets owned by the feeder. The Chimera Fund may enter into an arrangement with other investment funds managed by Chimera with the same or substantially similar investment objectives as the Chimera Fund to either allow other funds to contribute their assets to the Chimera Fund to invest, or to pursue its investment activities by investing all or a portion of its assets in a “Master Funds” that will conduct the investment activities.

FUNDS RISKS

Tax Liability Without Distributions for Chimera Fund Investors

Chimera Fund Investors will be liable to pay taxes on their allocable shares of the Chimera Fund’s taxable income. Taxable income can be expected to differ from profit, primarily because generally only realized gains and losses are considered for income tax purposes but profit and loss will include unrealized gains and losses. It is possible that sales of appreciated securities in a particular period could cause some Chimera Fund Investors to have taxable gain for that period at the same time that unrealized losses result in an overall loss. It will generally be necessary for Chimera Fund Investors to pay such tax liabilities out of separate funds or withdrawals from the Chimera Fund. There are significant limitations on a Chimera Fund Investor’s right to withdraw funds from the Chimera Fund.

Risk of Asset Growth

If the assets that Chimera and its affiliates manage grow significantly, it may adversely affect the Funds’ investment performance. It becomes more difficult to find attractive investment opportunities as the amount of assets that Chimera must invest increases. In this event, Chimera may find it necessary to invest in a greater number of positions than it currently intends, which could dilute its focus on individual positions, impair its ability to monitor existing and potential investments, and result in investments in positions that it otherwise would not select. In addition, with greater assets to invest, it will be increasingly difficult for the Funds to make investments large enough to be meaningful to their overall portfolios.

Illiquidity of Interests in the Chimera Fund

An investment in the Chimera Fund is relatively illiquid and is not suitable for an investor who needs liquidity. There is no public market for interest (nor is any public market expected to develop for such interests) and the Offering Documents impose significant limitations on Investors’ abilities to transfer interests. In addition, rights to withdraw funds from the Funds are subject to several limitations. Chimera may consent (or, in its sole and absolute discretion, decline to consent) to deviations from one or more of the procedures or limitations regarding withdrawals. Chimera has the discretion to cause the Chimera Fund to deliver amounts withdrawn in-kind rather than cash. The securities delivered may be relatively

illiquid and the Investor would bear the risk of a decline in their value after the effective time of his or her withdrawal. These facts, taken together, will significantly affect the liquidity of an Investor's investment in the Chimera Fund.

Risks Associated with Incentive Allocation

The Incentive Allocation could encourage Chimera to make investments on behalf of the Funds that are riskier or more speculative than it would if Chimera were receiving only a flat fee. Further, Chimera will receive Incentive Allocations as to unrealized gains that may never be realized and will not return an Incentive Allocation paid for a period in which there is a net profit, even if in a subsequent period the Funds does not earn a net profit or suffers a net loss. As a result, the Incentive Allocation may be greater than it would be if it were based solely on realized gains.

Effect of Substantial Withdrawals from the Chimera Fund.

Substantial withdrawals by Chimera Fund Investors within a short period of time could require or result in the liquidation of investment positions more rapidly than would otherwise be desirable, possibly reducing the value of the Chimera Fund's assets and/or disrupting the General Partner's investment strategy. Reduction in the size of the Chimera Fund could make it more difficult to generate a positive return or to recoup losses due to, among other things, reductions in the Chimera Fund's ability to take advantage of particular investment opportunities or decreases in the ratio of its income to its expenses. Chimera may permit some Chimera Fund Investors to have access to more information about the Chimera Fund's investments, or to obtain information more rapidly, than Chimera Fund Investors generally. In addition, withdrawals or redemptions by Chimera Fund Investors in other investment vehicles or accounts managed by Chimera, some of which may have more advantageous information and/or liquidity rights than those provided to Chimera Fund Investors, could adversely affect the value of portfolio positions held by the Chimera Fund.

Potential Mandatory Withdrawal.

Chimera may, in its sole discretion at any time, require a Chimera Fund Investor to withdraw all or a portion of his or her capital account. Such a mandatory withdrawal could result in adverse tax and/or economic consequences to such Chimera Fund Investor.

OTHER RISKS

Tax Considerations

Since the Chimera Fund will be permitted to borrow, tax-exempt Investors may incur an income tax liability with respect to their share of any unrelated business

taxable income (“UBTI”) the Funds may generate. Each Chimera Fund Investor should consult with and rely on its own independent tax counsel as to the U.S. federal income tax consequences of an investment in the Chimera Fund based on its particular circumstances, as well as to applicable state, local or non-United States tax laws. For a more detailed discussion of the income tax considerations associated with an investment in the Chimera Fund.

Investment Company Regulation

The Chimera Fund relies on Section 3(c)(1) of the Investment Company Act to avoid requirements that the Chimera Fund registers as an “investment company” under, and comply with the substantive provisions of, the Investment Company Act. If the Chimera Fund was required to be registered as an investment company, the Investment Company Act would require, among other things, that the Chimera Fund have a board of directors, some of whom were unrelated to the General Partner, compel certain custodial arrangements and regulate the relationship and transactions between the Chimera Fund and Chimera. Compliance with some of those provisions could possibly reduce certain risks of loss, although such compliance could significantly increase the Chimera Fund’s operating expenses and limit the Chimera Fund’s investment and trading activities. Interpretations of Section 3(c)(1) are complex and uncertain in several respects and, as a result, there can be no assurance that the Funds will remain entitled to rely on that Section. If the Chimera Fund was not to have been entitled to such reliance, the Chimera Fund and Chimera could be subject to legal actions by the SEC and others and the Chimera Fund could be forced to terminate its business under adverse circumstances.

ITEM 9 – DISCIPLINARY INFORMATION

Neither Chimera nor any of its officers or employees have been sanctioned or disciplined by any federal securities or commodities regulatory agency, self-regulatory organization or state for any violation of their statutes, regulations or rules nor have they ever been involved in any civil or criminal action relating to any violation of the federal or state securities or commodities laws.

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither Chimera nor its affiliates or employees are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer.

Neither Chimera nor its affiliates or employees is registered or has an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Chimera does not recommend or select other investment advisers for the Chimera Fund.

ITEM 11 – CODE OF ETHICS, PARTICIPATION/INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Pursuant to Rule 204A-1 of the Advisers Act, Chimera has adopted a Code of Ethics (the “**Code**”) that establishes various procedures with respect to investment transactions in accounts (“**Covered Accounts**”) in which any of Chimera’s employees have discretionary investment authority or exercise effective influence or control.

Chimera’s Code was adopted to avoid possible conflicts of interest, avoid the inappropriate use of material, non-public information and ensure the propriety of its employees’ and its principals’ trading activity. A copy of Chimera’s Code is available to any client or prospective client upon request.

The foundation of the Code is based on the underlying principles that:

- Employees must at all times place the interests of the client first;
- Employees must make sure that all personal securities transactions are conducted consistent with the Code; and
- Employees should not take inappropriate advantage of their position.

Covered Account transactions in certain types of securities require pre-approval by the CCO. Employees must also obtain pre-approval from the CCO before participating in an initial public offering or private placement.

Covered Account transactions are subject to review by Chimera’s CCO. These records are used to monitor compliance with the foregoing policies.

Gifts and Entertainment, Political Activities and Outside Activities

The Code provides that gifts and entertainment must be reasonable in light of industry practices and should never be given or received if the purpose is to influence the recipient. Chimera requires access persons to report or receive approval for the receipt or giving of gifts and entertainment under certain circumstances.

The Code also generally prohibits access persons or immediate family members from making political contributions or engaging in certain campaign-related fundraising activities. This policy is intended to prevent scenarios whereby an access person may make a contribution or engage in an activity for the selection of Chimera as an investment adviser for a governmental equity.

Finally, the Code provides that, without prior approval, access persons are generally not permitted to engage in certain types of outside business activities. This policy is intended to prevent material conflicts of interest that could arise from an access person's personal activities.

Privacy Policy

Chimera is committed to maintaining the confidentiality, integrity and security of its Investors' personal information. It is Chimera's policy to collect only information necessary or relevant to its management business and use only legitimate means to collect such information. Chimera does not disclose any non-public, personal information about its underlying Investors to anyone except for servicing and processing transactions and as required by law. Chimera restricts access to non-public, personal information about its Investors to those employees with a legitimate business need for the information. Chimera maintains security practices, physical, electronic and procedural safeguards to guard each Investor's non-public, personal information. Upon request, Chimera will provide a copy of its written privacy policies and procedures.

ITEM 12 – BROKERAGE PRACTICES

Chimera 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 the Funds 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 Chimera 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, Chimera 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 the Funds 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. Chimera need not

solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither Chimera nor the Funds separately compensate any broker or dealer for any of these other services.

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

Soft Dollar Usage

From time to time, Chimera may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for effecting 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. Chimera 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). Chimera believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services obtained with “soft dollars” generated by the Funds may be used by Chimera to service one or more other accounts, including accounts that may not have paid for the soft dollar benefits. Chimera 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 Chimera (i.e., a “mixed use” item), Chimera 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 Chimera’s allocation of the costs of such benefits and services between those that primarily benefit Chimera and those that primarily benefit the accounts.

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

At least annually, Chimera 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 Chimera 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.

Trade Aggregation and Allocation Policies and Procedures

It will be the policy of Chimera to allocate investment opportunities to the Funds on a fair and equitable basis, to the extent practical and in accordance with the Funds' investment strategies, over a period of time. Investment opportunities will generally be allocated among those accounts for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations: whether the risk-return profile of the proposed investment is consistent with an account's objectives, the potential for the proposed investment to create an imbalance in an account's portfolio, the liquidity requirements of an account, potentially adverse tax consequences, regulatory restrictions that would or could limit an account's ability to participate in a proposed investment, and the need to re-size risk in an account's portfolio.

Chimera will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to, the Funds solely because the Firm purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to, another account or the Funds if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practicable or desirable for the Funds or the other account.

In particular, when a particular Fund or client account is ramping up its investment or trading strategies, it may receive larger allocations of certain securities than the other accounts in order to obtain its desired risk and portfolio size. Conversely, when other accounts ramp up their investment and trading strategies, the Funds may receive reduced or no allocations of certain securities.

Trade Errors

Trade errors involving transactions in any account directly or indirectly held by the Funds or any derivatives contract or other similar agreement of the Funds and/or any trading vehicle (each, a **“Trade Error”**) may occur. Trade Errors include the placement of orders (either purchases or sales) in excess of, or less than, the amount of securities the account intended to trade; the sale of a security when it should have been purchased; the purchase of a security when it should have been sold; the purchase or sale of the wrong security; and the purchase or sale of a security for the wrong account and the post-settlement discovery of such purchase or sale. Trades implemented as a result of faulty data, systems, coding, modeling or analysis, trades that are properly executed but result in losses, errors committed by other persons (including brokers and custodians), or that are otherwise caused by human error other than those specifically described above, are not considered Trade Errors. The loss of an investment opportunity is not considered a Trade Error.

Such errors may result in losses or gains. Chimera will use reasonable efforts to detect such errors prior to settlement and promptly correct them. To the extent that an error is caused by a counterparty, such as a broker-dealer, Chimera will use reasonable efforts to recover any losses associated with such error from the counterparty.

Pursuant to the exculpation and indemnification provided by the Funds to Chimera and its affiliates and personnel, Chimera and its affiliates and personnel will generally not be liable to the Funds for any act or omission, absent bad faith, gross negligence, willful misconduct or actual fraud of such person, and the Funds will generally be required to indemnify such persons against any losses they may incur by reason of any act or omission related to the Funds, absent bad faith, gross negligence, willful misconduct or actual fraud of such person. As a result of these provisions, the Funds (and not Chimera) will benefit from any gains resulting from Trade Errors and other errors and will be responsible for any losses (including additional trading costs) resulting from Trade Errors and other errors, absent bad faith, gross negligence, willful misconduct or actual fraud of the relevant person. Chimera will not offset any such gains and losses resulting from Trade Errors and other errors unless the underlying transactions constitute a single transaction or closely related series of transactions. Chimera will reimburse the Funds for losses for which the Firm is responsible under the exculpation provisions. Given the potentially large volume of transactions executed by Chimera on behalf of the Funds, Investors should assume that Trade Errors and other errors will occur and that, to the extent permitted by applicable law and under the Funds’ respective Offering Documents, the Funds will be responsible for any resulting losses, even if

such losses result from the negligence (but not gross negligence) of Chimera's personnel.

ITEM 13 – REVIEW OF ACCOUNTS

Chimera will review the Funds' investments on a regular basis with a view to evaluating, among other things, economic developments, industry outlook and other issues related to the investments.

Chimera will provide the investors in the Chimera Fund with the following reports: (i) audited annual financial statements; (ii) quarterly unaudited performance reports; and (iii) annual tax information necessary to complete any applicable tax returns.

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Chimera may engage a third-party placement agent to introduce prospective investors to the Chimera Fund and to any future clients. Chimera expects to agree on terms with any prospective investor on how the placement agent fees will be paid.

ITEM 15 – CUSTODY

Chimera is deemed to have custody of the assets of the Chimera Fund. Therefore, in order to comply with Rule 206(4)-2 of the Advisers Act (the "**Custody Rule**"), Chimera complies with the pooled vehicle annual audit provision. Annually, upon completion of the annual audit of the Fund, Chimera shall seek to ensure that the audited financial statements are delivered to Investors in the Chimera Fund within 120 days of the Chimera Fund's fiscal year end. The audited financial statements will be prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board ("**PCAOB**"), in accordance with U.S. Generally Accepted Accounting Principles ("**GAAP**"). Investors should carefully review these audited financial statements.

ITEM 16 – INVESTMENT DISCRETION

Chimera will have investment discretion in managing the investments of the Funds. The terms of these investments as well as the investment strategy and guidelines around the use of this discretion are described in detail in the Chimera Fund's Offering Documents and the investment management agreements for the Managed Accounts.

Chimera will assume investment discretion and day-to-day operations over the Chimera Fund by virtue of the execution of the limited partnership agreement of

the Chimera Fund by each Investor in the Chimera Fund and the investment management agreement with the Managed Accounts.

ITEM 17 – VOTING CLIENT SECURITIES

Chimera has established proxy voting policies and procedures designed to ensure that proxies, to the extent Chimera has been delegated authority to vote such proxies on behalf of the Funds and elects to vote, are voted in the best interest of the Funds. When voting proxies, Chimera must identify and address material conflicts that may arise between Chimera's interests and those of the Funds. Specifically, Chimera monitors the potential for conflicts of interest that might arise from personal relationships that Chimera or its employees may have with parties involved in the vote, significant Investor relationships with those parties, and other special circumstances.

Chimera will vote proxies as it deems necessary or appropriate, on a case by case basis. Prior to voting, the CCO will determine whether the conflict is material to the vote and will either resolve the conflict or refer the proxy vote to an outside service for its independent consideration.

Investors in the Chimera Fund or Managed Account clients may also contact Chimera via e-mail or telephone to request a copy of its proxy voting policy.

Class Action Participation Procedures

To the extent that Chimera has discretion to participate in class action lawsuits filed against companies or issuers in which its clients are invested, Chimera may participate in such class action lawsuits if it believes that such participation is in the best interest of its clients on a case by case basis.

ITEM 18 – FINANCIAL INFORMATION

Registered investment advisers are required in this Item to provide certain financial information or disclosures about the registered investment adviser's financial condition. Chimera has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.