

Item 1 – Cover Page

PART 2A OF FORM ADV: FIRM BROCHURE

REDWOOD CAPITAL MANAGEMENT, LLC

March 30, 2020

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This brochure provides information about the qualifications and business practices of Redwood Capital Management, LLC (“Redwood”). If you have any questions about the contents of this brochure, please contact us at (201) 227-5040. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Redwood also is available on the SEC’s website at www.adviserinfo.sec.gov. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Item 2 – Material Changes

This brochure is filed by Redwood with the SEC. The following summary only discloses material changes made to the brochure since Redwood's last annual updating amendment, dated March 31, 2019.

1. Item 4 has been updated to reflect a change in Redwood's management and ownership.
2. Item 8 has been updated to provide additional disclosure regarding risks applicable to Redwood and its investment strategies.
3. Item 11 has been updated to provide additional disclosure regarding Redwood's Code of Ethics and various conflicts of interest.

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Item 4 – Advisory Business

Redwood Capital Management, LLC is an investment management firm focused on investing in credit and other opportunities in stressed and distressed companies.

Redwood was founded in 2000. Redwood is wholly owned by Redwood Capital Management Holdings, LP, a Delaware limited partnership. An entity controlled by Ruben Kliksberg, the Chief Executive Officer and Chief Investment Officer of Redwood, serves as the general partner of Redwood Capital Management Holdings, LP. Entities controlled by Mr. Kliksberg are the principal owners of Redwood and its affiliates and accordingly Mr. Kliksberg has ultimate decision-making authority with respect to Redwood. Redwood has been registered with the SEC since March 2012, and has its principal place of business in Englewood Cliffs, New Jersey.

Redwood provides advisory services on a discretionary basis to its clients (as defined below). Redwood currently manages five master investment funds (“Master Funds”), each of which is funded by dedicated offshore and onshore feeder funds (“Feeder Funds”) (collectively, the “Funds”). Additionally, Redwood serves as the investment adviser to a small number of separately managed accounts (“Managed Accounts”).

Redwood may organize additional private investment funds in the future which utilize similar or different investment strategies than the Funds.

As used herein, the term “client” generally refers to each Fund and each account holder of a Managed Account. The advice Redwood provides to its clients is tailored according to the investment objectives, guidelines and requirements set forth (i) with respect to each Fund, in its respective Offering Memorandum (each, a “Memorandum”) and (ii) with respect to each Managed Account, in the investment management agreement between Redwood and its account holder.

As of December 31, 2019, Redwood managed approximately \$8.5 billion in regulatory assets under management, on a discretionary basis, and \$0 on a non-discretionary basis, across the Funds and Managed Accounts.

Item 5 – Fees and Compensation

Fees and Compensation

Management fees may vary with each client and are explained more fully in each client’s Memorandum or investment management agreement. Redwood is generally paid a management fee quarterly, billed either in advance or in arrears in accordance with the terms of the relevant agreement with each client. The management fee is generally up to 2.0% per annum based upon the net asset value of the shares or interests of each Fund held by investors, and of the value of each Managed Account.

Additionally, Redwood or its affiliate may receive (i) annual performance-based compensation of up to 20% of the realized and unrealized net profits of a Fund or Managed Account (“Annual Incentive Compensation”) or (ii) a portion of the distributions of the net profits of a Fund that would otherwise be distributed to such Fund’s investors (“Carried Interest”), in each case as provided for in the applicable Memorandum or investment management agreement. Certain investors will not bear Annual Incentive

Compensation on profits until any respective aggregate net losses from any prior period are recovered. Additionally, some clients or investors may enter into agreements which do not include performance-based compensation provisions. Performance-based compensation may vary with each client and is explained more fully in each client's Memorandum or investment management agreement.

Management fees are generally prorated for partial periods. Annual Incentive Compensation is generally charged at fiscal year-end but may be charged during a fiscal year upon the termination of a Managed Account or upon an investor's redemption from a Fund, as applicable.

Redwood or its affiliate, as applicable, may waive, modify or calculate differently the management fee and any performance-based compensation paid by any client or investor in a Fund on a case by case basis.

Unless otherwise agreed upon with a client, management fees and performance-based compensation are generally debited directly from Fund accounts and are generally billed to Managed Accounts.

In the event of the termination of an investment management agreement between Redwood and a client, the client will receive a refund of pre-paid fees attributable to any period after termination, pursuant to the terms of such investment management agreement. Management fee refunds on intra-period withdrawals are based on the number of days left in the period and the amount withdrawn, and in the case of partial withdrawals, are credited against the next management fee charged.

No Redwood employee is compensated for the sale of securities or other investment products.

Provisions relating to fees, liquidity, expenses and termination rights with respect to Managed Accounts are negotiated on a case-by-case basis and certain clients may have different terms than others.

Expenses

As more fully described in each Fund's respective Memorandum and in investment management agreements with Managed Account clients, the Funds and Managed Accounts will generally bear expenses in connection with their trading and investment activities, which may include, without limitation, brokerage costs (which vary depending on a number of factors, including the broker utilized for the transaction, the particular security or other instrument traded, and the volume and size of the transaction), execution costs, give-up costs, exchange, clearing, clearinghouse, principal and regulatory commissions and fees, research fees and expenses (including fees paid to third-party consultants, Bloomberg, finder's fees paid for the introduction of transactions, interest and borrowing charges on margin accounts, borrowed money, investments, and other indebtedness), bank, broker and dealer service fees, custodial fees, registrar and transfer agent fees, direct fees and expenses, such as legal fees and due diligence expenses, related to the analysis, purchase or sale of investments whether or not the investment is consummated, and related expenses and costs including any reasonable expenses related to the purchase, sale or transmittal of a Fund's or Managed Account's assets.

The Funds also may bear additional expenses associated with organizing, administering and continually offering the Funds. Such expenses include legal, accounting, escrow, auditing, Fund directors' fees and expenses and fees paid to the proxy agent (where applicable), and other professional expenses, organizational expenses, recordkeeping, administration, computer, and clerical expenses, Fund-related insurance costs to the extent obtained (including D&O and E&O insurance for Redwood and a Fund's

directors), expenses incurred in preparing reports and tax information to investors and regulatory authorities, expenses of regulatory compliance, filings and reporting (including but not limited to Section 13, Section 16 and Form PF filings, and anti-money laundering compliance) to the extent they are in connection with, relate to or derive from a Fund or its investment activities, any other expenses relating to a Fund that may arise as a result of legal or other regulatory changes, expenses of printing and dispatching offering materials and reports to investors, duplicating expenses, mailing costs, courier costs and filing fees, where applicable. Additionally, Feeder Fund assets invested in a Master Fund bear a pro rata share of the expenses associated with such Master Fund.

The allocation of expenses by Redwood between it and any client and among clients represents a conflict of interest for Redwood. To address this conflict, Redwood has adopted and implemented policies and procedures for the allocation of expenses. Redwood allocates expenses to each client in accordance with the client's arrangements with Redwood (including applicable client disclosures). Redwood seeks to allocate shared expenses for products and services benefitting Redwood and the client which are not already covered in the client's arrangements in a fair and reasonable manner. Redwood may use a variety of methods to allocate common expenses among clients, including methods based on assets under management, relative use of a product or service, the nature or source of a product or service, the relative benefits derived by each client from a product or service, the size of a client's investment, or other relevant factors. Nonetheless, the portion of a common expense that Redwood allocates to a client for a particular product or service may not reflect the relative benefit derived by such client from that product or service in any particular instance. Redwood may deviate from this standard allocation method if it determines that an expense disproportionately benefits a particular client or group of clients. Redwood's expense allocations often depend on inherently subjective determinations and, accordingly, expense allocations made by Redwood in good faith will be final and binding on each client.

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

As noted in Item 5, Redwood or an affiliate receives performance-based compensation from certain clients. Such performance-based compensation may create an incentive for Redwood to make investments that are riskier or more speculative than would be the case in the absence of such performance-based compensation arrangements. Further, the variation of performance-based compensation structures among Redwood's clients may create an incentive for Redwood to direct the best investment ideas to, or to allocate or sequence trades in favor of, a client that bears higher performance-based compensation or performance-based compensation providing for payment to Redwood at different times or over different time intervals than another client.

Certain Funds hold investments for which Redwood or an affiliate receives performance-based compensation only upon the sale or deemed realization of the Funds' investments. To the extent Redwood or an affiliate is entitled to performance-based compensation from such Funds upon the sale or deemed realization of investments, Redwood may have an incentive to delay the realization of such an investment.

Redwood has procedures designed and implemented to provide reasonable assurance that all clients are treated fairly and equally. Specifically, Redwood maintains procedures designed to address the allocation of investment opportunities among clients as well as the manner in which investments are valued. See Item 12. In addition, each Fund retains a third-party administrator which independently calculates, among other things, profit/loss allocations, management fees and performance-based compensation.

While Redwood generally trades some or all of the same instruments for certain of the Funds and certain of the Managed Accounts, there may be times when investments that are appropriate for a particular Fund or Managed Account may not be so for other Funds or Managed Accounts, and vice versa. Additionally, the investment performance of a Managed Account may differ from the investment performance of a Fund that pursues a similar investment strategy due to other factors, including, but not limited to, (i) investment parameters, (ii) the frequency of additions and withdrawals of assets to applicable accounts; (iii) different counterparty fees and expenses associated with applicable accounts; (iv) relative differences in account balances; (v) trading following additions or withdrawals of capital to an account; (vi) tax, legal or regulatory requirements; and (vii) any other risk parameters, instructions or restrictions imposed by a particular client.

Item 7 – Types of Clients

Redwood primarily provides investment advice to Funds and Managed Accounts, as described above. Investors in Funds and the account holders of Managed Accounts may include individuals, corporate and other institutional clients, and clients that are formed for the purpose of investment and are exempt from registration under Section 3(c)(7) of the Investment Company Act of 1940 (the “Company Act”). Redwood, however, is not precluded from advising types of clients that are not listed above.

Investors in the Funds are generally required to make a minimum initial investment of at least \$3 million, as described in the applicable Fund’s Memorandum. Such minimum investment, however, may be (and has been) waived or modified by Redwood, in its sole discretion. Clients that establish a managed account with Redwood are generally required to establish an account or accounts with a total investment of capital of at least \$100 million; provided that such minimum amount may be (and has been) modified by Redwood, in its sole discretion.

In order to invest in any of the Redwood Funds, an investor must be an accredited investor and, to the extent applicable, if subject to performance-based compensation, a qualified client as defined by Section 205 of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) and Rule 205-3 thereunder. Additionally, all investors in the Funds exempted from the definition of investment company by virtue of Section 3(c)(7) of the Company Act must be qualified purchasers as defined in Section 2(a)(51) thereof and the rules thereunder.

Redwood is under no obligation to accept any prospective client or investor and may decline acceptance of a prospective client or investor in its sole discretion.

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

Methods of Analysis

Redwood focuses on distressed and stressed investments primarily in the fixed income markets. These situations typically involve a redistribution of a security when other market participants are either selling and/or avoiding it due to a company specific or industry-related problem. Each of Redwood’s analysts is assigned to cover multiple market sectors, and a portion of their responsibilities includes monitoring their respective sectors to identify potential market dislocations.

In evaluating individual opportunities within any given sector, Redwood relies significantly upon fundamental research. In doing so, Redwood uses many sources of information in its analyses, including

financial filings, business, economic, financial and other publications, trade journals, third-party data services, outside research, and one-on-one conversations with company management teams, suppliers, customers, end users and sector specialists, as well as lawyers and academic specialists. In addition, Redwood may utilize third-party consultants to provide it with fundamental and technical research, including, but not limited to, information regarding various markets, industries and companies.

General Investment Strategies

As noted above, Redwood's core competency is in analyzing companies that are facing some form of stress, which can be as a result of industry issues (pricing, lack of demand, technological change, etc.), management issues, and legal or regulatory issues, among others. Redwood believes the markets for these types of securities are frequently inefficient because existing holders are often unprepared or ill-equipped to evaluate the impact that business problems will have on the value of their securities.

There are many different types of stressed and distressed instruments in which Redwood invests, including, but not limited to, senior bank debt, senior notes, subordinated notes, trade claims, liquidating trusts, and litigation trusts. Redwood also invests, or may invest, in other instruments which, in its view, complement its main strategies, including high yield bank debt and bonds, U.S. or non-U.S., publicly traded or privately issued or negotiated common stocks, preferred stocks, stock warrants and rights, sovereign debt, corporate debt, bonds, notes or other debentures or debt participations, convertible securities, swaps, options (purchased or written), futures contracts, commodities and other derivative instruments, foreign currencies, partnership interests and other securities or financial instruments including those of investment companies.

Redwood may take long or short positions, as it deems appropriate and subject to any client-specific, market or regulatory limitations, in any of the investment instruments noted above.

Redwood may utilize leverage in the form of direct borrowings. Also, as noted above, Redwood may utilize certain derivatives instruments which contain inherent leverage, including, but not limited to, swaps and options.

Key Risks of Redwood's Investment Strategies

Below is a summary of potential, material risks for Redwood's investment strategies, the methods of analysis used, and/or the particular types of investments that a Fund or Managed Account may invest in. The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in a Fund or Managed Account. Investors should ultimately refer to the applicable Memorandum or investment management agreement, as the case may be, for detailed disclosures regarding their investment.

All investing involves a risk of loss that investors should be prepared to bear, including the risk that the entire amount invested may be lost. The investment strategies offered by Redwood could lose money over short or long periods of time. Identifying undervalued securities and other assets is difficult, and there are no assurances that Redwood's investment strategies will succeed. Redwood cannot give any guarantee that it will achieve the investment objectives it establishes for a client or that any client will receive a return of its investment.

Certain specific risk factors applicable to Redwood's investment strategies are set forth as follows:

High Risk Investments. Redwood invests in debt and equity securities, accounts and notes payable, loans, private claims and other financial instruments and obligations of troubled companies, which involve a

substantial degree of risk. Clients may lose their entire investment in a troubled company, may be required to accept cash or securities with a value less than the original investment and may be prohibited from exercising certain rights with respect to such investment. Troubled company investments may not show any returns for a considerable period of time. Funding a plan of reorganization involves additional risks, including risks associated with equity ownership in the reorganized entity. Troubled company investments may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the U.S. Bankruptcy Court's discretionary power to disallow, subordinate or disenfranchise particular claims. Investments in securities and private claims of troubled companies made in connection with an attempt to influence a restructuring proposal or plan of reorganization in a bankruptcy case may also involve substantial litigation.

Special Situations. Redwood may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies or sovereign debt involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, Redwood may be required to sell the investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the clients may be invested, there is a potential risk of loss by clients or their entire investments in such companies. In connection with such transactions (or otherwise), Redwood may purchase securities on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and is often conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, reorganization or debt restructuring. The purchase price or interest rate receivable with respect to a when-issued security can be fixed when Redwood enters into the commitment. Such securities are subject to changes in market value prior to their delivery.

Commercial Loans. An investment in interests in syndicated, commercial bank loans, whether acquired through assignment or participation, may involve certain risks. Under the agreements governing most syndicated loans, should Redwood, as the manager for one or more holders of an interest in a syndicated loan, wish to call a default or exercise remedies against a borrower, it could not do so without the agreement of at least a majority of the other lenders. Further, actions could be taken by a majority of the other lenders, or in some cases, a single agent bank, without the consent of Redwood. Redwood, on behalf of its clients, would, nevertheless, be liable to indemnify the agent bank for clients' ratable share of expenses or other liabilities incurred in such connection and, generally, with respect to the administration and any renegotiation or enforcement of the syndicated loans. Moreover, an assignee or participant in a loan may not be entitled to certain gross-up payments in respect of withholding taxes and other indemnities that otherwise might be available to the original holder of the loan. If an interest is acquired through a participation, clients would, to some extent, bear the credit risk not only of the distressed company borrower, but of the financial institution from which the participation is acquired. Further, in most cases, the holder of a participation will be bound by the actions or omissions of the seller of the participation and will be liable to indemnify the seller against expenses and liabilities allocable to the portion of the loan represented by the participation.

Chapter 11 Reorganizations. Generally, the Chapter 11 reorganization process, while often lengthy and contentious, is ultimately resolved by consent. In order to achieve a consensual plan and expedite distributions, secured and other senior debt holders may agree to allocate value, which would otherwise be

allocated to them on a strict priority basis, to junior creditors who would not otherwise be entitled to such value or even anything at all. If this occurs, secured and other senior creditors may receive smaller distributions than they would otherwise be entitled to under a strict priority plan, although the present value of the reduced distributions could exceed the present value of full distributions made some years later. On the other hand, in some circumstances, holders of senior claims are unwilling to forego their absolute priorities. Senior claim holders may attempt to have their plan of reorganization approved by using the "cram down" process described below despite the risk of protracted litigation and the consequent delay in receiving distributions. A proposed plan of reorganization will be confirmed by a bankruptcy court, if, among other things, every class of creditors accepts the plan. A class of creditors has accepted a plan if at least two-thirds in amount and more than one-half in number of the allowed claims of voting creditors in such class vote to accept the plan. Acceptance by a class binds each creditor in such class. A proposed plan of reorganization will be confirmed despite the rejection by one or more dissenting classes if at least one class of creditors has accepted the plan and the plan provides that all remaining classes are dealt with based on the seniority of their claims, with each class to be paid in full before the next junior class of creditors are paid anything. In this "cram down" scenario, to the extent that clients hold claims that are junior to those of any dissenting class or classes, they could realize little or nothing on such claims.

Restrictions on Trading Due to Status. It is possible that Redwood may deem it necessary to seek representation on the board of directors of, or on official or unofficial creditors committees for, a distressed company in order to better monitor the financial condition of the distressed company or developments in the proceeding and/or to be in an improved position of advocacy during any negotiations. Such representation could, however, cause Redwood and/or its clients to be deemed to be "insiders" or "fiduciaries" of the distressed company or of a creditors committee, in which case the ability of Redwood to trade in the securities and claims of such company could be restricted.

High Yield Securities. Redwood may make significant investments in "high yield" bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those for higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of such lower-rated securities.

Concentration of Holdings. At certain times, client accounts may hold a few, relatively large (in relation to their capital) investment positions in the same or similar financial instruments, markets or industries or that individually or in the aggregate exhibit substantial price volatility, with the result that a loss in any such position could have a material adverse impact on portfolio values. To the extent that Redwood makes such concentrated investments, the exposure to credit and market risks associated with such financial instruments, markets or industries will be increased.

Hedging Strategies. Redwood may, but is not required, to attempt to hedge portfolio positions and, for various reasons, may determine not to do so. Furthermore, Redwood may not anticipate a particular risk

so as to hedge against it. Redwood may utilize financial instruments, both for investment purposes and for risk management purposes, in order to (i) protect against possible changes in the market values of clients' investment portfolio resulting from fluctuations in the commodity markets, (ii) protect the unrealized gains in the value of client investment portfolios, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investment, (v) hedge the interest rate or currency exchange rate on any liabilities or assets, (vi) protect against any increase in the price of any commodities Redwood anticipates purchasing at a later date or (vii) for any other reason that Redwood deems appropriate.

Illiquid Instruments. Certain instruments may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price and Redwood's ability to sell particular securities when necessary to meet liquidity needs or in response to a specific economic event, such as the deterioration of creditworthiness of an issuer. In some cases, the relevant portfolio may be contractually prohibited from disposing of certain securities for a specified period of time. Reduced liquidity in the secondary market for certain securities may also make it more difficult for Redwood to obtain market quotations based on actual trades for the purpose of valuing a Fund's portfolio.

Leverage and Financing Risks. Redwood may use leverage in connection with its investment program. Accordingly, Redwood may pledge client assets in order to borrow additional funds for investment purposes. Leverage may also be created through the use of options, short sales, swaps, credit default swaps, forwards and other derivative instruments. While leverage presents opportunities for increasing the total return on investments, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment could be magnified to the extent leverage is utilized.

Portfolio Company Leverage. Redwood's investments may include portfolio companies whose capital structures have significant leverage. The leveraged capital structure of such portfolio companies will increase the exposure of the portfolio companies to adverse economic factors, such as rising interest rates, downturns in the economy or deteriorations in the condition of such company or its industry. In the event that such a portfolio company is unable to generate sufficient cash flow to meet principal and/or interest payments on its indebtedness, the value of the investment in such company could be significantly reduced or even eliminated.

Event-Driven Investing. Event-driven investing requires making predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to enhance value and fail to implement it, resulting in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a federal or state regulatory agency; (iii) efforts by the target company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable U.S. federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event-driven investing, the results of

operations may be expected to fluctuate from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

Necessity for Counterparty Trading Relationships; Counterparty Risk. Redwood has established relationships to obtain financing and prime brokerage services that permit Redwood to trade in a variety of markets or asset classes over time; however, there can be no assurance that Redwood will be able to maintain such relationships or establish such relationships. An inability to establish or maintain such relationships would limit Redwood's trading activities could create losses, preclude accounts from engaging in certain transactions, financing, derivative intermediation and prime brokerage services and prevent Redwood from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before Redwood establishes additional relationships could have a significant impact Redwood's business due to Redwood's reliance on such counterparties.

Some of the markets in which Redwood may effect transactions are not "exchange-based", including "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes client accounts 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 clients to suffer losses. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where Redwood has concentrated its transactions with a single or small group of counterparties. Generally, Redwood will not be restricted from dealing with any particular counterparties. Redwood's evaluation of the creditworthiness of counterparties may not prove sufficient and the absence of a regulated market to facilitate settlement may increase the potential for losses by clients.

Counterparty Insolvency. Client assets may be held in one or more accounts maintained by counterparties. There is a risk that any of such counterparties could become insolvent and/or subject to insolvency proceedings. The insolvency of counterparties is likely to impair the operational capabilities of Redwood and limit access to client assets. There also exists the risk that the recovery of client assets from counterparties could be delayed or be of a value less than the value of the instruments or assets originally entrusted to such counterparties.

In addition, Redwood may use counterparties located in jurisdictions outside the United States. Such local counterparties are subject to the laws and regulations in foreign jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to client assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on clients' assets.

Exchange Rate Fluctuations; Currency Considerations. Redwood may invest a portion of clients' assets in instruments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. Redwood may hedge its non-U.S. currency exposure, but it may not always be practicable or economical to do so. Moreover, Redwood may choose not to enter into hedging transactions in order to obtain the non-U.S. currency exposure associated with such investments. To the

extent unhedged, the value of clients' positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which Redwood makes its investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of clients' investments in their local markets and may result in losses to client accounts.

Furthermore, accounts may incur costs in connection with conversions between various currencies. Non-U.S. currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to Redwood at one rate, while offering a lesser rate of exchange should Redwood desire immediately to resell that currency to the dealer. Redwood will conduct currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell non-U.S. currencies. It is anticipated that most currency exchange transactions will occur at the time non-U.S. investments are purchased and will be executed through the local broker or custodian.

Interest Rate Risk. Redwood's investments are subject to interest rate risk. Generally, the value of fixed rate debt securities will change inversely with changes in interest rates. As interest rates rise, the market value of debt securities tends to decrease. Conversely, as interest rates fall, the market value of debt securities tends to increase. This risk will be greater for long-term securities than for short-term securities. Further, bank loans typically have floating interest rates that are based on spreads above LIBOR. Accordingly, fluctuations in LIBOR may affect the value of such loans. Furthermore, the United Kingdom Financial Conduct Authority, which regulates LIBOR, has announced a desire to phase out the use of LIBOR by the end of 2021. The elimination of LIBOR or changes to other reference rates or any other changes or reforms to the determination or supervision of reference rates could have an adverse impact on the market for, or value of, any securities or payments linked to those reference rates, which may have an adverse impact on the value of client accounts. Uncertainty and risk also remain regarding the willingness and ability of issuers and lenders to include revised provisions in new and existing contracts or instruments. Consequently, the transition away from LIBOR to other reference rates may lead to increased volatility and illiquidity in markets that are tied to LIBOR, fluctuations in values of LIBOR-related investments or investments in issuers that utilize LIBOR, increased difficulty in borrowing or refinancing and diminished effectiveness of hedging strategies, adversely impacting the performance of client accounts.

Non-U.S. Investments. Redwood may invest a portion of its assets in securities of non-U.S. corporations, which are traded in non-U.S. markets. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other.

Investing in the securities of companies in non-U.S. countries may involve certain considerations not usually associated with investing in securities of U.S. companies or U.S. markets or on U.S. exchanges, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain or other income; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict Redwood's investment opportunities. In addition, accounting and financial

reporting standards that prevail in such countries generally are not equivalent to U.S. standards and, consequently, less information is available to investors in companies located in such countries than is available to investors in companies located in the U.S. In recent years, the governments of some countries have encountered difficulties in servicing their external debt obligations, which led to defaults on certain obligations and the restructuring of certain indebtedness. Redwood may have limited legal recourse in the event of a default with respect to certain sovereign debt obligations it holds. For example, remedies from defaults on certain sovereign debt obligations, unlike those on private debt, must, in some cases, be pursued in the courts of the defaulting party itself or may even be precluded (or limited) under principles of sovereign immunity. There is also less regulation, generally, of the securities and commodities markets in such countries than there is in the U.S.

Options. The Funds and Managed Accounts may incur risks associated with the sale and purchase of 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. Options may be exchange traded or traded over-the-counter (off the exchange markets) directly with dealers. To the extent an over-the-counter option is a tailored investment for Redwood, it may be less liquid than an exchange-traded option. Further, as with other derivative investments, over-the-counter options are subject to counterparty risk. A client will have the credit risk that the seller of an over-the-counter option will not perform its obligations under the option agreement if the client exercises the option.

Commodity-Related Instruments. The production and marketing of commodities may be affected by actions and changes in governments. In addition, commodity-related instruments may be cyclical in nature. During periods of economic or financial instability, commodity-related instruments may be subject to broad price fluctuations, reflecting volatility of energy and basic material prices and possible instability of supply of various commodities. Commodity-related instruments may also experience greater price fluctuations than the relevant commodity. In periods of rising commodity prices, such instruments may rise at a faster rate; and conversely, in times of falling commodity prices, such instruments may suffer a greater price decline.

Equity Securities. Redwood may invest in the securities of small and development-stage companies, which securities may be subject to more abrupt or erratic market movements than securities of larger, more established companies, because there is less marketplace information regarding smaller companies, such securities typically are traded in lower volume and such companies typically are subject to a greater degree to changes in earnings and prospects.

Liquidation of Securities. Dispositions of securities may be effected through, among other methods, open market sales, inclusion in public offerings in which insiders may liquidate their holdings, or divestiture through privately negotiated sales to private sector buyers. Timing of the disposition of securities is critical to realizing optimal returns on investments, and depends on the issuer's performance, the judgment of controlling investors as to value, financial market conditions and opportunities, and governmental

restrictions or incentives, some or all of which may influence the possibility or profitability of such disposition. There can be no assurance that there will be a market for the holdings when Redwood believes it appropriate to dispose of them.

Short Selling. Short selling involves selling securities which are not owned by the short seller, and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the seller to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. 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 Redwood of buying those securities to cover the short position. There can be no assurance that Redwood will be able to maintain the ability to borrow securities sold short. In such cases, Redwood 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.

Derivatives: Swaps. Redwood may purchase and sell derivatives. “Derivatives” are financial instruments or contractual arrangements whose economic results depend upon, or are derived by reference to, other securities (equity or fixed income), commodities, currencies, interest rates, indices, or other assets, the relative values of two or more items or assets, economic or other activities, or other items. Some derivatives are standardized instruments, such as futures contracts or options traded on recognized exchanges. Other derivatives are directly negotiated contractual arrangements with one or more counterparties. Terms, conditions and characteristics of derivatives vary widely, and new structures and products are developed continually. Such products are often complex, involve significant leverage, and are dependent upon credit and other considerations affecting the ability or willingness of the counterparties with which Redwood deals to perform as anticipated. In general, derivatives involve a high degree of risk (including the possibility of total loss) as well as the opportunity for gain.

Swap transactions are privately negotiated, non-standardized derivative agreements between Redwood and a counterparty to exchange or swap investment cash flows or assets at specified intervals in the future measured by different commodities or other items, indices, or prices, with payments generally calculated by reference to a principal (“notional”) amount or quantity. Swap trading is similar to the spot and forward markets in that banks, broker-dealers or their affiliates generally act as principals in the swap markets, and Redwood is subject to risks similar to those described in the discussion of the spot and forward markets, below.

Other Derivative Instruments. Redwood may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Fund and legally permissible. Special risks may apply to instruments that are invested in by Redwood in the future that cannot be determined at this time or until such instruments are developed or invested in. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk.

Mortgage-Backed Securities. Mortgage-backed securities are subject to credit risk associated with the performance of the underlying mortgage properties. Factors such as consumer spending habits, local economic and competitive conditions, tenant occupancy rates and regulatory or zoning restrictions, or the

loss of a major tenant may adversely affect the economic viability of a mortgaged property. In addition, these securities are subject to prepayment risk. Some securities have a structure that makes their reaction to interest rates and other factors difficult to predict, making their value highly volatile.

Emerging Market Investments. Redwood may invest a portion of its assets in securities of companies based in emerging countries or issued by the governments of such countries. Emerging markets have different clearance and settlement procedures than those in developed markets, and in certain financial markets there have been times when settlements have been unable to keep pace with the volume of securities transactions, making it difficult to conduct such transactions. Delays in settlement could result in temporary periods when a portion of the assets of each Fund is uninvested and no return is earned thereon. The inability to make intended securities purchases due to settlement problems could cause a Fund to miss potential investment opportunities. Inability to dispose of securities due to settlement problems either could result in losses due to subsequent declines in the value of the securities or, if entered into a contract to sell the securities, could result in possible liability to the purchaser.

Foreign investment in certain instruments is restricted or controlled to varying degrees in certain emerging markets. These restrictions or controls may at times limit or preclude foreign investment in certain emerging market instruments and increase the costs and expenses. Certain emerging markets require prior governmental approval of investment by foreign persons, limit the amount of investment by foreign persons in a particular company, limit the investment by foreign persons only to a specific class of securities of a company that may have less advantageous rights than the classes available for purchase by residents of the countries, or impose additional taxes on foreign investors. Certain emerging markets may also restrict investment opportunities in issuers in industries deemed important to national interests. Additionally, certain emerging markets may require governmental approval for, or otherwise restrict, the repatriation of investment income, capital, or proceeds of sales of securities by foreign investors.

Non-Diversification. It is possible that, at a given time, positions (long or short) in a concentrated number of issuers may comprise all or substantially all of a Fund's or Managed Account's portfolio. Accordingly, the investment portfolio of the Fund or Managed Account may be subject to more rapid change in value than would be the case if the Fund or Managed Account were required to maintain a wide diversification among types of securities, issuers, industries and geographic areas.

Liability Resulting from Investing Through Commingled Special Purpose Vehicles. Redwood has and may establish special purpose vehicles to hold client investments. Holding investments through special purpose vehicles exposes the client to risks not present in direct investments, particularly when the client participates in a special purpose vehicle in conjunction with third parties. In certain circumstances, depending on the jurisdiction of organization, applicable tax treaties and other tax, legal or business considerations, special purpose vehicles through which multiple advisory clients of Redwood make investments may not provide for complete segregation of assets and liabilities. Accordingly, if any advisory clients are unable or unwilling to meet all of their respective obligations, liabilities and/or shortfalls associated with the underlying investment in which they hold an interest through a special purpose vehicle, the other advisory clients, may be adversely affected.

Additional Risks Related to Redwood

Cybersecurity Risk. Redwood, service providers and other market participants increasingly depend on information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect clients and their investors, despite the efforts of Redwood and service providers to adopt technologies, processes and practices intended to

mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to clients and their investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of Redwood's systems to disclose sensitive information in order to gain access to Redwood's data or that of clients and investors. A successful penetration or circumvention of the security of Redwood's systems could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause a client, Redwood or their respective service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. Similar types of operational and technology risks are also present for portfolio companies in which Redwood's clients invest, which could have material adverse consequences for such portfolio companies, and may cause a client's investments to lose value.

Risk Management Failures. Although Redwood attempts to identify, monitor and manage significant risks, these efforts do not take all risks into account and there can be no assurance that these efforts will be effective. Moreover, many risk management techniques, including those employed by Redwood, are based on historical market behavior, but future market behavior may be entirely different and, accordingly, the risk management techniques employed on behalf of the Funds and Managed Accounts may be incomplete or altogether ineffective. Similarly, Redwood may be ineffective in implementing or applying risk management techniques. Any inadequacy or failure in risk management efforts could result in material losses to the Funds or Managed Accounts.

Systems and Operational Risk. Redwood relies on certain financial, accounting, data processing and other operational systems and services that are employed by Redwood and/or by third party service providers, including prime brokers, the third-party administrator, market counterparties and others. Many of these systems and services require manual input and are susceptible to error. These programs or systems may be subject to certain defects, failures or interruptions. For example, Redwood and its clients could be exposed to errors made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or related to other similar disruptions in the clients' operations. In addition, despite certain measures established by Redwood and third-party service providers to safeguard information in these systems, Redwood, clients and their third-party service providers are subject to risks associated with a breach in cybersecurity which may result in damage and disruption to hardware and software systems, loss or corruption of data and/or misappropriation of confidential information. Any such errors and/or disruptions may lead to financial losses, the disruption of the client trading activities, liability under applicable law, regulatory intervention or reputational damage.

Valuation of Portfolio Holdings. Redwood faces various conflicts of interest in connection with its valuation of client assets. In particular, Redwood is incentivized to value client assets higher because it would result in increased asset-based and performance-based fees, and in some cases, increased compensation for personnel. Moreover, higher valuations may result in better reported investment performance, potentially assisting Redwood in marketing its investment advisory services. Conflicts of interest may be heightened in the case of assets that do not have readily ascertainable market values. To address these conflicts, Redwood has adopted and implemented policies and procedures for the valuation of client securities, which includes a pricing methodology for each type of investment, a description of Redwood Valuation Committee's composition, function, and responsibilities, and the procedures to deal with in circumstances when third-party pricing sources are deemed to be not reliable or not accurate.

Effects of Health Crises and Other Catastrophic Events. Health crises, such as pandemic and epidemic diseases, as well as other catastrophes that interrupt the expected course of events, such as natural disasters, war or civil disturbance, acts of terrorism, power outages and other unforeseeable and external events, and the public response to or fear of such diseases or events, have and may in the future have an adverse effect on clients' investments and Redwood's operations. For example, any preventative or protective actions that governments may take in respect of such diseases or events may result in periods of business disruption, inability to obtain raw materials, supplies and component parts, and reduced or disrupted operations for client portfolio companies. In addition, under such circumstances the operations, including functions such as trading and valuation, of Redwood and other service providers could be reduced, delayed, suspended or otherwise disrupted. Further, the occurrence and pendency of such diseases or events could adversely affect the economies and financial markets either in specific countries or worldwide.

Item 9 – Disciplinary Information

This item is inapplicable.

Item 10 – Other Financial Industry Activities and Affiliations

Relationships or Arrangements with Industry Participants

Certain of the Funds have and/or may in the future enter into agreements, or “side letters,” with certain prospective or existing investors whereby such investors including such persons that may be affiliated with Redwood may be subject to terms and conditions that are more advantageous than those set forth in the Memorandum for the Fund. For example, such terms and conditions may provide, and have provided (as applicable), for special rights to make future investments in the Fund, other investment vehicles or managed accounts, as appropriate; special redemption rights relating to frequency or notice; a reduction or rebate in fees to be paid by the limited partner or shareholder and/or other terms; rights to receive reports from the Fund on a more frequent basis or that include information not provided to other limited partners or shareholders (including, without limitation, more detailed information regarding portfolio positions) and such other rights as may be negotiated by the Fund and such limited partners or shareholders.

The modifications are solely at the discretion of the Fund and may, among other things, be based on the size of the limited partner's or shareholder's investment in the Fund or affiliated investment entity, an agreement by a limited partner or shareholder to maintain such investment in the Fund for a significant period of time, or other similar commitment by a limited partner or shareholder to the Fund.

Certain current and former members, partners, principals, employees or affiliates of Redwood or its affiliates (including relatives, estate planning vehicles, foundations or other entities of such persons) are encouraged to invest significant portions of their liquid net worth in certain Funds that permit voluntary withdrawals or redemptions. Accordingly, in order to maintain personal liquidity, all such affiliated investors are permitted to make withdrawals or redemptions (as applicable) on a more frequent basis and subject to significantly shorter notice periods than other investors in such Funds.

Redwood has entered into a sub-advisory agreement with Jet Capital Investors, LP (“Jet Capital”) whereby Jet Capital manages a sub-portfolio for Redwood Master Fund, Ltd. Jet Capital is responsible for all aspects

of investing this sub-portfolio, including, but not limited to, investment selection and the selection of broker-dealers to execute transactions.

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

Code of Ethics

Redwood's Code of Ethics ("Code") sets forth the standard of business conduct expected of all Redwood employees, officers, members and partners (or other persons occupying a similar status or performing similar functions) and any other person who provides advice on behalf of Redwood and is subject to Redwood's supervision and control (such persons being referred to herein as "Employees"), reflecting Redwood's fiduciary obligations, supervisory requirements and duty to comply with applicable federal securities laws.

Redwood and its Employees may give and/or receive gifts, services or other items to/from any person or entity that does, or may be reasonably expected to solicit, business with or on behalf of Redwood. Redwood has adopted policies and procedures governing gifts and business entertainment, which includes disclosure of gifts and business entertainment in excess of certain de minimis thresholds and pre-clearance by the Chief Compliance Officer prior to giving/receiving gifts above a certain de minimis threshold.

Redwood, in the course of its investment management and other activities (e.g., board or creditor committee service), may come into possession of confidential or material nonpublic information about issuers, including issuers in which Redwood or its related persons have invested or seek to invest on behalf of clients. Redwood is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. Redwood maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that Redwood is meeting its obligations to its clients and remains in compliance with applicable law. In certain circumstances, Redwood may possess certain confidential or material, nonpublic information that, if disclosed, might be material to a decision to buy, sell or hold a security, but Redwood will be prohibited from communicating such information to the client or using such information for the client's benefit. In such circumstances, Redwood will have no responsibility or liability to the client for not disclosing such information to the client (or the fact that Redwood possesses such information), or not using such information for the client's benefit, as a result of following Redwood's policies and procedures designed to provide reasonable assurances that it is complying with applicable law.

Redwood will make available at its offices in Englewood Cliffs, New Jersey, a copy of the Code to any client or prospective client upon request.

Personal Trading

The Code requires Redwood's Employees to report their personal securities holdings and transactions to Redwood's Chief Compliance Officer or his designee. The Code requires each broker-dealer used by an Employee to provide duplicate personal account statements and trade confirmations directly to Redwood. The Code also requires Redwood to review these reports periodically. Redwood does not permit any Employee to participate in initial public offerings or purchase private placements without the prior approval of the Chief Compliance Officer or his designee.

All Redwood Employee personal trades (e.g., purchases or sales of long positions, entering into or covering short positions) must be pre-cleared by the Chief Compliance Officer or his designee for all covered securities which generally include all securities, futures, forwards and options on futures, closed-end or exchange traded funds (other than an exchange traded fund with at least 20 securities in its index), private placements (including direct investments in private companies and investments in alternative investment vehicles, such as hedge funds), derivatives contracts and cryptocurrencies. Generally, pre-approval to purchase or sell a long position, or enter into or cover a short position, will not be granted with respect to any issuer in which a client is invested or may be expected to invest. Additionally, most personal positions must be held for not less than 30 calendar days. Any exceptions to this policy must be expressly approved by the Chief Compliance Officer.

Redwood's personal trading policy is designed in part to prevent Redwood Employees (which includes for purposes of the policy spouses, children or other dependents residing with the Employee) from purchasing or selling securities on or about the time that such securities are purchased or sold by a Redwood client. However, it is important to note that, at any given time, related persons of Redwood may own the same securities owned by Redwood clients.

At times, Employees of Redwood (or their immediate family members) may invest in the Funds, either through interests in Redwood or through the purchase of limited partnership or other ownership interests. Principals and eligible Employees of Redwood who invest in the Funds do not pay any management fees or bear any performance-based compensation, and may be subject to different redemption or withdrawal terms (as described in Item 10 above), but are subject to the same expenses as other investors.

Cross Trades and Principal Transactions

Cross transactions enable Redwood to effect a trade between two clients for the same security at a set price, thereby possibly saving commission costs for both accounts. Redwood has a potentially conflicting division of loyalties and responsibilities regarding both parties to cross transactions. In very limited circumstances, Redwood may cross trade securities between its various clients. Such cross trades will be executed by an independent broker-dealer on an agency basis at the current fair market value as determined by such broker-dealer and otherwise consistent with Redwood's fiduciary obligations. Cross trades will not be executed for any Fund where such trade would not be permitted under applicable law. All cross trades must be approved in advance by the Chief Compliance Officer.

From time to time, certain transactions between clients may constitute principal transactions within the meaning of the Advisers Act due for example, to significant beneficial ownership of a Fund by Redwood and/or its related persons. Redwood shall ensure that any such transactions are conducted in accordance with applicable regulations and do not unfairly disadvantage any Fund or Managed Account. Trades effected between a principal account and another Fund or Managed Account must be approved in advance by the Chief Compliance Officer who will ensure that such trading is conducted properly. In proposed principal transactions involving certain Funds, the Funds' boards of directors and/or limited partner advisory committee are authorized to consider and, on behalf of the Fund, approve or disapprove, to the extent required by applicable law (including the Advisers Act), principal transactions and certain other related-party transactions.

Additional Considerations

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of Redwood, its affiliates and its personnel (each an “Advisory Affiliate” and, collectively, the “Advisory Affiliates”). Redwood has established policies and procedures to monitor and resolve conflicts and will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable to the extent possible under the prevailing facts and circumstances.

In addition, Redwood gives, from time to time, advice or takes action with respect to the investments of one or more Funds or Managed Accounts that may not be given or taken with respect to other Funds or Managed Accounts with similar investment programs, objectives, and strategies. Accordingly, although the Funds and Managed Accounts may have similar strategies, they may not hold the same securities or instruments or achieve the same performance. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more clients.

A client may, from time to time, make multiple investments in a portfolio company whether in different parts of the capital structure (e.g., equity and debt) or otherwise. Additionally, a client may, from time to time, make an investment in a portfolio company in which one or more other clients may have or make investments whether in different parts of the capital structure of such company or otherwise. To the extent that the client holds securities in a portfolio company with rights, preferences and privileges that are different than those held by other clients in the same portfolio company, Redwood expects to be presented with decisions when the interests of the client and the other clients are in conflict. It is possible that in a bankruptcy proceeding, out-of-court restructuring or other corporate action, a client’s interest may be subordinated or otherwise adversely affected by virtue of the other clients’ involvement and actions relating to its investment. As a result, Redwood may have a conflict with respect to voting the securities of such issuers and other matters relating to various investments. Redwood will seek to address such conflicts in a manner that it believes to be fair and reasonable to the client and its other clients over time and based on the particular factual circumstances.

The Advisory Affiliates may also have ongoing relationships with companies whose securities are in or are being considered for Redwood’s clients. Redwood recognizes that conflicts may arise under such circumstances and will endeavor to treat all clients fairly and equitably.

Redwood and/or its related persons may, and currently do, invest in the Funds and, in certain cases, do, in the aggregate, hold a substantial portion of a Fund’s assets. Such investments pose a risk that Redwood or individuals who are in a position to control the allocation of investment opportunities to Redwood’s client accounts will favor those Funds in which Redwood and/or its related persons invest, particularly in the case of limited opportunities (such as initial public offerings and private placements) or other investments that are otherwise subject to limited capacity. Redwood’s procedures require the objective allocation for limited opportunities to ensure fair allocation among accounts. Redwood and/or its related persons have access to information that is not available to other investors in such Funds.

Item 12 – Brokerage Practices

Trading and Execution

Redwood has the authority to select prime brokers and executing brokers (“Brokers”), as applicable, for client accounts. Client assets will generally be cleared and custodied at major global broker-dealers

including, but not limited, to Morgan Stanley, Merrill Lynch, Bank of America, JP Morgan and Goldman Sachs.

Redwood utilizes many Brokers, including those referenced above, to execute trades for its clients. Prior to engaging Redwood to provide investment advisory services, each client is required to enter into (i) a formal agreement with Redwood (generally as part of the limited partnership agreement for US Funds or an investment management agreement for Offshore Funds or clients that establish Managed Accounts) setting forth the terms and conditions under which Redwood will manage the client's assets, and (ii) a separate custodial/clearing agreement with each prime broker.

Factors that Redwood considers in utilizing a Broker may include (i) the price, (ii) the Brokers' operations, reliability and relative creditworthiness, (iii) the ability of the Broker to effect the transactions, (iv) the provision or payment by the Broker of the costs of brokerage or research products or services, and (v) the ancillary services provided by such Broker such as capital introduction services, the generation of investment ideas and research services provided. The commissions and/or transaction fees charged by a Broker may be higher or lower than those charged by other broker-dealers. Redwood will not receive any portion of the brokerage commissions and/or transaction fees charged to clients. The brokerage commissions and/or transaction fees charged by any Broker are exclusive of, and in addition to, Redwood's management fee. Although the commissions paid by Redwood's clients will comply with Redwood's duty to obtain best execution, a client may pay a commission that is higher than another qualified broker-dealer might charge to effect the same transaction where Redwood determines, in good faith, that the commission is reasonable in relation to the value of the brokerage and research services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a broker-dealer's services, including the value of research provided, execution capability, commission rates, and responsiveness. Accordingly, although Redwood will seek competitive rates, it may not necessarily obtain the lowest possible commission rates for client account transactions. Redwood will periodically evaluate the execution performance of Brokers executing its transactions.

Soft Dollars

At this time, Redwood does not obtain material third-party soft dollar services from brokers in connection with the execution of trades. However, Redwood reserves the right to enter into such arrangements in its sole discretion, subject to the approval of a portfolio manager and the Chief Compliance Officer.

In the event Redwood enters into such arrangements, in return for effecting securities transactions through a Broker, Redwood may receive certain investment research products and related services which assist Redwood in its investment decision-making process for the client, all of which (except for services that would otherwise be an expense of a Fund) are generally intended to be in compliance with Section 28(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Research products and related services furnished by Brokers may include written information and analyses concerning specific securities, companies or sectors; market, financial and economic studies, data and forecasts; statistics and pricing services; as well as discussions with research personnel and other services utilized in the investment management process.

Although the investment research products and/or services that may be obtained by Redwood may be used to service some or all of Redwood's clients, a brokerage commission paid by a specific client may be used to pay for research that is not used in managing that specific client's account.

Aggregation and Allocation

Redwood strives to treat each client fairly. Redwood's obligation to treat all clients fairly, however, does not necessarily mean that Redwood has an obligation to treat all clients identically.

Certain investors are not legally (or otherwise) permitted to share in initial public offerings of equity securities ("IPOs") while other clients may participate in IPOs. Additionally, if any client is restricted from purchasing a particular security due to any legal, tax or other regulatory reason or voluntary limitation, such client will not be allocated any portion of such security irrespective of the pre-existing formula described herein. As a result, Redwood will not be obligated to allocate an investment opportunity across all of its clients and may at times sell a position for one or more of its clients, while it continues to hold the position for other clients.

In general, investment decisions for a client are made in accordance with the investment objectives, guidelines, liquidity needs and cash availability of each client. Investment decisions frequently affect more than one client; thus, it is inevitable that, at times, it will be desirable to acquire or dispose of the same securities for more than one client at the same time. In many cases, a decision to execute a trade may be made based on securities available in the marketplace, with specific allocations to individual clients made by considering each respective client's (i) investment objectives and guidelines, (ii) current and prospective liquidity, (iii) overall size, (iv) overall current exposure to investments of a similar nature, and/or (v) appetite or tolerance for risk/volatility.

When appropriate Redwood may, but is not required to, aggregate client orders to achieve more efficient execution or to provide for equitable treatment among accounts. Trades placed for multiple clients will generally be placed as block orders and allocated to clients at the same execution cost or based on the average price achieved for such trades.

Notwithstanding the foregoing, Redwood recognizes that in certain circumstances strict compliance with the policy may not be prudent or feasible and that conditions may warrant deviation therefrom. In such circumstances, Redwood's investment personnel may elect to employ an alternate allocation for such potential investment which, in their reasonable judgment, reflects the best investment outcome for the eligible clients.

Trade Error Policies and Procedures

Redwood addresses trade errors in accordance with the terms of the relevant Fund's governing documents, but in no case will a client be responsible for any act or omission by Redwood performed or omitted in bad faith, or constituting fraud, willful misconduct or gross negligence. Each of Redwood and its affiliates may consult with counsel and accountants in respect of the client's affairs and be fully protected and justified in any action or inaction that is taken in accordance with the advice or opinion of such counsel and/or accountants, provided that they shall have been selected in good faith. The foregoing provisions will not be construed so as to provide for the exculpation of Redwood or any affiliate for any liability (including liability under federal securities laws which, under certain circumstances, impose liability even on persons that act in good faith), to the extent (but only to the extent) that such liability may not be waived, modified or limited under applicable law.

Trade errors made in respect of accounts subject to ERISA and certain Managed Accounts will be corrected as set forth in the applicable investment management agreements and/or disclosure documents, and in accordance with all applicable laws and regulations, which may be different than the Funds.

Additional Brokerage Considerations

From time to time, brokers (including prime brokers) may assist the Funds in raising additional funds from investors, and representatives of Redwood may speak at conferences and programs sponsored by such brokers for investors interested in investing in hedge funds. Through such “capital introduction” events, prospective investors in the Funds would have the opportunity to meet with representatives of Redwood. Currently, neither Redwood nor the Funds compensate any broker for organizing such events or for any investments ultimately made by prospective investors attending such events, nor do they anticipate doing so in the future. The Funds may accept subscriptions from investors who also provide services to the Funds, including brokers and their affiliates. Relationships such as these could be viewed as creating a conflict of interest that potentially could affect Redwood’s ability to seek best execution. While Redwood’s relationship with brokers may influence Redwood in deciding whether to use such broker in connection with brokerage, financing and other activities of the Funds, Redwood does not commit to allocate a particular amount of brokerage to a broker in any such situation. Furthermore, Redwood conducts periodic best execution reviews in an effort to identify and mitigate compliance risks associated with brokerage relationships, and to determine that Redwood is obtaining best execution for clients’ accounts.

Item 13 – Review of Accounts

Redwood’s portfolio managers are responsible for evaluating investments, reviewing portfolios for each client and making asset allocation decisions. Each portfolio is reviewed on an ongoing basis according to the client’s investment objectives and pursuant to the stated investment strategies of the respective Funds and Managed Accounts. Portfolios are reviewed for performance, liquidity, diversification and risk.

The investors in each respective Fund receive monthly statements detailing their account information, including the account’s beginning and ending equity, and the account’s performance for that period. Clients that have Managed Accounts with Redwood receive monthly reports detailing their account information.

Item 14 – Client Referrals and Other Compensation

Redwood does not have and does not anticipate entering into arrangements with other third parties whereby it agrees to pay a portion of its fees to such other parties in connection with the introduction of investors to the Funds. Any such arrangement would be disclosed to each applicable investor introduced to the Funds by an applicable third-party introducer.

Item 15 – Custody

Redwood is generally deemed to have constructive custody of the assets of the Funds. However, it is not required to comply (or is deemed to have complied) with certain requirements of Rule 206(4)-2 under the Advisers Act (the “Custody Rule”) with respect to each Fund because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception”, which, among other things, requires that each Fund (i) be subject to an 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 (ii) distributes its audited financial statements, prepared in accordance with U.S. GAAP, to all of its investors within 120 days of the end of its fiscal year.

Item 16 – Investment Discretion

Redwood, through its investment management agreements, generally maintains full investment discretion with respect to the Funds and Managed Accounts, subject to any limitations specified in the relevant investment management agreement. In its role as a discretionary investment manager, Redwood has the authority to choose which investments are purchased or sold, the quantities of each investment to be purchased and sold and the broker through whom transactions are executed. Because of the differences in client investment objectives and strategies, risk tolerances, tax status and other criteria, there may be differences among clients in invested positions and securities held.

Item 17 – Voting Client Securities

The SEC adopted Rule 206(4)-6 under the Advisers Act, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies. In compliance with such rules, Redwood has adopted proxy voting policies and procedures.

Redwood has engaged the Proxyedge service from Broadridge (“Proxyedge”) to handle the administrative mechanics of proxy voting and Egan Jones to provide voting recommendations. Egan Jones is an unaffiliated, third party proxy voting research service, specializing in providing a variety of proxy-related services to institutional investment managers. The services provided to Redwood will include research analysis of shareholder meeting agendas, vote recommendations, reporting and recordkeeping.

There may be occasions where the voting of proxies may present an actual or perceived conflict of interest between Redwood and its clients. Redwood will not vote proxies contrary to the best interest of its clients due to business or personal relationships with an issuer’s management, participants in proxy contests, corporate directors or candidates for corporate directorships, or where Redwood or an employee may have a personal interest in the outcome of a particular matter before shareholders. When there exists an actual or potential conflict of interest, Redwood addresses these conflicts or appearances of conflicts by ensuring that proxies are voted in accordance with the recommendations made by a third-party.

To the extent set forth in the applicable managed account agreement, account holders of certain Managed Accounts may direct Redwood’s vote with respect to such Managed Account in specific instances.

Clients may contact Redwood to obtain information on how proxies were voted for such client and to request a copy of Redwood’s proxy voting policies and procedures.

Item 18 – Financial Information

This item is inapplicable.