

## **Form ADV Part 2A**

### **Sculptor Capital LP**

9 West 57th Street, 39th Floor  
New York, NY 10019  
Telephone: (212) 790-0041  
Website: [www.sculptor.com](http://www.sculptor.com)  
Email: [ADV@sculptor.com](mailto:ADV@sculptor.com)

**Firm Brochure**  
**March 30, 2020**

**This Brochure provides information about the qualifications and business practices of Sculptor Capital LP (“Sculptor Capital” or the “Adviser”) and its Relying Advisers (as defined in Item 4).**

**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. Registration as an investment adviser does not imply any level of skill or training. This Brochure contains certain material information in the manner and format promulgated by the SEC. Additional information, which must be read and considered with the information in this Brochure, is found in other documents, including, as applicable, offering memoranda and/or investment management agreements, among others. Please also read and understand the entire Brochure as responses to certain Items also respond to or provide additional or fuller information regarding the responses to other Items.**

**A copy of our Brochure may be requested by contacting us at (212) 790-0041 or by email at [ADV@sculptor.com](mailto:ADV@sculptor.com). Additional information is also available via the SEC’s website [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov) or at [www.sculptor.com](http://www.sculptor.com).**

## Item 2 – Material Changes

This document is dated March 30, 2020 and serves as Sculptor Capital’s and its Relying Advisers’ Brochure. The following specific material changes have been made since the Adviser’s last annual Brochure dated March 29, 2019:

The Cover Page and all Items (except Item 9) have been updated to reflect that the Adviser, the Relying Advisers, and certain affiliates changed their corporate names to those referenced herein (except Item 9).

Item 9 has been updated to reflect that, on January 30, 2020, the independent compliance monitor appointed in connection with our previously disclosed settlements with the U.S. Department of Justice (the “DOJ”) and SEC concluded and certified that the corporate compliance program of the Adviser’s parent is functioning effectively.

Item 9 was also updated on September 12, 2019 to reflect an interim ruling issued by the U.S. District Court for the Eastern District of New York (the “Court”) on August 29, 2019 in *U.S. v. Oz Africa Management GP, LLC*, Cr. No. 16-515 (NGG) (E.D.N.Y.) (the “Africa Matter”), finding that the claimants qualify as “victims” and seeking further briefing on the amount of damages, if any, to be awarded. Subsequently, on January 23, 2020, Sculptor Capital Management, Inc. (“SCU”), the Adviser’s parent, entered into an amendment (the “Amendment”) to its Deferred Prosecution Agreement (“DPA”) with the DOJ and U.S. Attorney’s Office for the Eastern District of New York that extends the term of the DPA until 61 days after the entry of a final judgment by the Court. The Amendment makes no other material changes to the DPA. The extension was based solely on the voluntary agreement of the parties and was not premised on any non-compliance with the DPA. Nonetheless, because of the outstanding restitution claim in the Africa Matter against OZ Africa Management GP, LLC, a subsidiary of the Adviser, sentencing did not occur before the scheduled conclusion of the DPA. Because the DPA contemplated that the sentencing in the Africa Matter would occur before the DPA’s expiration, the parties executed an agreement to extend the DPA’s expiration date. The Amendment did and does not contemplate any additional term for the independent compliance monitor, who certified that SCU’s compliance program was functioning effectively on January 30, 2020, as noted above.

The Cover Page and Items 4 and 10 have been updated to remove former relying adviser Och-Ziff Consulting (Beijing) Company Limited.

Item 4 has also been updated to remove discussion of Daniel S. Och, founder and former Chief Executive Officer, as the previous version of this Brochure indicated that Mr. Och relinquished his controlling shareholder rights as of May 26, 2019 and stepped down as a director on July 2, 2019.

Items 4 and 8 have also been updated to provide information concerning the novel coronavirus disease outbreak (“COVID-19”).

### Item 3 – Table of Contents

Item 1 – Cover Page.....	1
Item 2 – Material Changes.....	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business.....	4
Item 5 – Fees and Compensation .....	6
Item 6 – Performance-Based Fees and Side-By-Side Management .....	11
Item 7 – Types of Clients.....	13
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	14
Item 9 – Disciplinary Information .....	31
Item 10 – Other Financial Industry Activities and Affiliations .....	34
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.....	36
Item 12 – Brokerage Practices .....	41
Item 13 – Review of Accounts.....	55
Item 14 – Client Referrals and Other Compensation.....	55
Item 15 – Custody.....	56
Item 16 – Investment Discretion.....	57
Item 17 – Voting Client Securities.....	57
Item 18 – Financial Information .....	58

## **Item 4 – Advisory Business**

### **A. General Description of Advisory Firm**

This Brochure applies to Sculptor Capital and relying advisers Sculptor Capital II LP, Sculptor Real Estate Advisors LP, Sculptor Loan Management LP, Sculptor Capital Management Hong Kong Limited, Sculptor Management India Private Limited, Sculptor (Shanghai) Overseas Investment Fund Management Co., Ltd., Sculptor Europe Loan Management Limited, Sculptor Management Europe Limited, and Sculptor CLO Management LLC (collectively, the “Relying Advisers,” and together with the Adviser, “Sculptor” or the “Firm”). The Firm was founded in 1994 and is indirectly owned by Sculptor Capital Management, Inc. (“SCU”), a publicly traded company listed on the New York Stock Exchange (“NYSE”) under the ticker symbol “SCU.” The Firm is also owned in part by its limited partners who are principals.

In the second half of 2019, the Firm and certain affiliates changed their corporate names to those referenced herein (except Item 9) as part of a strategic plan to position the Firm for long-term success. Specifically, SEC-registered investment adviser OZ Management LP was renamed Sculptor Capital LP; OZ Management II LP was renamed Sculptor Capital II LP; Och-Ziff Real Estate Advisors LP was renamed Sculptor Real Estate Advisors LP; Och-Ziff Loan Management LP was renamed Sculptor Loan Management LP; Och-Ziff Management Europe Limited was renamed Sculptor Management Europe Limited; Och-Ziff Capital Management Hong Kong Limited was renamed Sculptor Capital Management Hong Kong Limited; Och-Ziff Europe Loan Management Limited was renamed Sculptor Europe Loan Management Limited; Och-Ziff India Private Limited was renamed Sculptor Management India Private Limited; Och-Ziff (Shanghai) Overseas Investment Fund Management Co., Ltd. was renamed Sculptor (Shanghai) Overseas Investment Fund Management Co., Ltd.; and OZ CLO Management LLC was renamed Sculptor CLO Management LLC.

In addition, effective September 12, 2019, the Adviser’s parent, Och-Ziff Capital Management Group, Inc., changed its name to “Sculptor Capital Management, Inc.,” and the Class A common stock issued by Och-Ziff Capital Management Group, Inc. that was trading on the NYSE under the symbol “OZM” changed to “SCU.” Such changes also apply to the names of other affiliates, including private funds and other entities, including those listed in Items 5 and 10. For example, OZ Master Fund, Ltd. has been renamed Sculptor Master Fund, Ltd.

The Adviser and its Relying Advisers are registered with the SEC as investment advisers pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). The Adviser and relying adviser Sculptor Capital II LP are registered with the U.S. Commodity Futures Trading Commission (the “CFTC”) under the Commodity Exchange Act of 1936, as amended (the “Commodity Exchange Act”), as commodity pool operators and are also members of the National Futures Association (the “NFA”). Sculptor Capital II LP is also a CFTC-registered commodity trading adviser. Relying advisers Sculptor Management Europe Limited and Sculptor Europe Loan Management Limited are registered with the United Kingdom’s Financial Conduct Authority (the “FCA”). Relying adviser Sculptor Capital Management Hong Kong Limited is registered with the Hong Kong Securities and Futures Commission (the “SFC”).

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Since then, Sculptor implemented a business continuity plan (“BCP”) designed to minimize potential disruptions to the Adviser’s business operations by transitioning certain employees to remote work (“telework”), among other steps deemed necessary to plan, prepare, and respond to COVID-19. As of the date of this Brochure, the Firm’s employees, including key personnel, continue to telework without significant interruption to Sculptor’s critical business operations. Please see Item 8 for additional information regarding risks posed by COVID-19.

## B. Description of Advisory Services

Sculptor is a global institutional asset management firm that provides investment advice on a discretionary and non-discretionary basis as described in Item 12 below. Sculptor and its affiliates serve as the general partners and management companies for private investment funds or pooled investment vehicles, including funds-of-one (collectively, the “Funds”). The Firm may also provide investment advice to investors through a foreign unit trust or separately managed account (each, an “SMA,” and together with the Funds, “Clients”), including for institutional investors, such as financial institutions, public and corporate pension funds, endowments, and foundations.

The Firm provides investment advice regarding equity securities, convertible securities, debt instruments, options, futures, swaps, other types of derivatives, private securities, loans, structured products, individual real estate assets, aviation assets, multi-property portfolios, joint ventures, public and private real estate related securities, public and private energy related securities and other investments and instruments.

In performing investment advisory services for Clients, Sculptor acts as a fiduciary. Sculptor’s fiduciary duty derives from Section 206 of the Advisers Act and includes an:

- Obligation to disclose all material conflicts of interests to Clients;
- Obligation to disclose if Sculptor Capital, or an affiliate of Sculptor Capital, receives additional compensation from a Client or a third-party as a result of Sculptor’s relationship with a Client;
- Obligation to obtain informed consent before engaging in transactions with Clients for its own account, that of an affiliate, or another Client when acting in an advisory capacity;
- Obligation to treat all advisory clients fairly and equitably over time, and not unfairly advantage one Client to the disadvantage of another over time;
- Obligation to make investment decisions that are suitable and appropriate for Clients and consistent with their investment objectives, goals, and restrictions placed on Sculptor; and
- Obligation to act in what Sculptor reasonably believes to be in each Client’s best interests and, in the event of a conflict of interest, place each Client’s interests before Sculptor’s and its affiliates’ own interests.

Throughout this Brochure, Sculptor discloses actual and potential conflicts of interest. The Firm has adopted policies designed to mitigate any conflicts that arise and may arise. We encourage Clients, prospective Clients, and Fund investors to review these policies and inquire directly with Sculptor about them. Sculptor's conflict policies—and all policies described in this Brochure—are available for review by Clients and Fund investors in the Firm's offices or on a password-protected website.

In addition to such policies, the Firm has established an internal Compliance and Conflicts Committee (the "Conflicts Committee"), which seeks to mitigate certain conflicts by considering and reviewing them to determine appropriate actions, as needed.

Further, the offering materials of Sculptor's Funds identify in additional detail certain conflicts of interest and specific risks that exist. A copy of the Firm's Funds' most current offering materials is available upon request to investors in the Funds, as applicable.

#### C. Availability of Customized Services for Clients

The Firm generally permits SMA clients (if any) to place restrictions on their accounts with respect to: (1) the specific types of investments or asset classes that we will or will not purchase; (2) the nature of the issuers of investments that we will or will not purchase (e.g., specific industries or sectors); (3) the risk profile of instruments we will or will not purchase; or (4) the risk profile of the SMA as a whole. Where the Firm serves as the investment adviser to a Fund, investment objectives, guidelines, and any investment restrictions are described in the relevant offering documents and generally are not tailored to the needs of specific investors in the vehicle, unless the vehicle is structured as a single investor fund-of-one.

#### D. Wrap Fee Programs

As of the date of this Brochure, the Firm does not currently participate in any wrap fee programs (as defined by the SEC) but may do so in the future.

#### E. Assets Under Management

As of March 1, 2020, the Firm and its affiliates managed approximately \$34.8 billion in assets on a discretionary basis and no client assets on a non-discretionary basis, including approximately \$1.9 billion in aircraft assets under advisement (based on gross asset value).

### **Item 5 – Fees and Compensation**

The Firm and its affiliates receive management fees and incentive income. The management fees are a percentage of assets under management and the incentive income is based on net capital appreciation.

## ***Multi-Strategy, Credit and Real Estate Funds***

Typically, Funds that are managed on a multi-strategy basis pay a management fee that generally ranges from 1.25% to 2.25% annually. Typically, Funds that are managed pursuant to a credit strategy pay a management fee that generally ranges from 0.40% to 1.75% annually. Other Funds generally pay a management fee that generally ranges from 0.75% to 1.75% annually.

Sculptor offers lower fees for Fund investors that exceed a certain amount of capital commitment. The management fee is typically based on the net asset value of the Fund and is generally accrued monthly and billed quarterly in advance. However, fees for certain Funds are calculated differently, as the management fee rate applicable to a Fund investor is generally based on the amount of capital committed by each investor (see the chart below). The offering documents of each Fund provide more detailed information regarding management fees. In addition, for more detailed information on investment strategies, please refer to “Investment Strategies and Related Risks” under Item 8 below.

Management fees for real estate Funds are generally determined based on the following fee schedule:

Capital Commitment	Management Fee
Up to and including \$50,000,000	1.50%
\$50,000,001 to \$100,000,000	1.25%
\$100,000,001 to \$199,999,999	1.00%
\$200,000,000 or more	0.75%

Sculptor also receives incentive fees, typically 20% of the net capital appreciation allocated to each Fund, subject to certain limitations. Management fees and incentive fees are calculated based on the terms set forth in each Fund’s offering materials and other constituent documents. Investors should review carefully the specific terms set forth in the relevant Fund’s offering documents.

Sculptor negotiates specific terms of investment for certain prospective investors that differ from the terms applicable to other investors. Certain Fund terms, however, are not negotiable, including: (1) the types of investments the particular Fund will invest in; and (2) the management fee or incentive allocation Sculptor receives with respect to a tranche of interests in the Fund.

Different tranches of interests in certain Funds have materially different terms, including but not limited to terms regarding: (1) fees charged; (2) minimum subscriptions; (3) withdrawal rights; (4) investment options; (5) rights to receive interest and other investment income; and (6) denomination of currency. In accordance with the terms of the Funds, Sculptor generally is permitted to open new tranches for Funds that have different terms at the request of an incoming investor. When opening new tranches, the Firm sometimes grants requests from existing investors to transfer their interest in the relevant Fund to the newly established tranche, subject to certain terms and conditions; Sculptor also issues interests in the new tranche to persons and entities with whom the firm is affiliated. From time to time, Sculptor permits affiliated investors to withdraw

from the Funds more frequently than other investors, and also sometimes waives management fees and incentive allocations for affiliated investors.

Certain other types of Funds managed by Sculptor are assessed fees on a different basis. These Funds, including real estate funds, are charged a management fee generally based on capital commitments or contributed capital, and incentive income is paid out upon divestment of portfolio holdings, subject to the distribution waterfall specified in the Fund's organizational documents.

### ***Collateralized Loan Obligation Funds, Collateralized Bond Obligation Funds, or other Securitized Vehicles***

Management fees for collateralized loan obligation ("CLO") and/or collateralized bond obligation ("CBO") vehicles sponsored or managed by the Firm (each an "Affiliated CLO" and/or an "Affiliated CBO") generally range from 0.30% to 0.50% annually of assets under management. Sculptor also receives incentive fees, typically 20% of the excess cash flows due to the holders of the subordinated notes, subject to a stated hurdle rate. CLO and CBO investors and prospective investors should carefully review the fees and expenses associated with any investment product in which they invest.

From time to time, Sculptor provides, or seeks to provide, advisory, asset management or other services to securitized vehicles collateralized by current income-generating assets other than corporate loans and bonds, including aviation-related assets (each, an "Affiliated Securitization"). Sculptor and its affiliates receive management and incentive fees from investors in Affiliated Securitizations in the same or similar manner as described above in respect of Affiliated CLOs and/or Affiliated CBOs. Sculptor and its affiliates sometimes also receive sales, lease, or rental fees in connection with sales, leases, or rentals of assets in the Affiliated Securitization's portfolio or other similar fees for services rendered to the Affiliated Securitization.

### ***Separately Managed Accounts***

Any SMAs would generally have fee arrangements that are similar to the Funds, as described above. The Firm may, however, negotiate different terms and conditions for SMAs (including different fee and redemption arrangements) than the terms and conditions that apply to any of Sculptor's Funds. The Firm does not currently manage any SMAs.

### ***Additional Expenses***

The fees payable to Sculptor are exclusive of brokerage commissions, transaction fees, custodial fees, expenses relating to short sales, clearing and settlement charges, initial and variation margin, bank service fees, interest expense, pricing services, exchange and clearinghouse fees, consulting and other professional fees relating to particular investments (including compensation of an officer, director or employee of any portfolio company or other entity making investments for a Fund, to the extent such officer, director or employee is not employed by Sculptor), certain legal and compliance expenses, systems and technology expenses, research related expenses, accounting, record keeping, audit and tax preparation expenses, custodial fees, corporate licensing, organizational expenses, government and registration fees, fees and expenses of appointing and maintaining any officer of a Fund to the extent having such officer is required by law or regulation,



and other related costs and expenses, all of which are incurred by the Client or Clients to which they are applicable.

Expenses incurred in connection with a Special Investment (as described in Item 8) are generally borne by those investors participating in such Special Investment, including expenses related to the use of SPVs or Financing Subsidiaries (as described in Item 12 below). Further, any expenses related to the use of SPVs or Financing Subsidiaries in relation to other investment opportunities (i.e., non-Special Investments), including operating expenses (such as rent and allocable personnel costs) of entities formed for investment structuring purposes, will generally be borne by those Clients participating or eligible to participate in such investments.

If expenses are incurred in connection with an investment that is not ultimately consummated by any Client, e.g., due diligence expenses, investment-related travel expenses, legal and other professional service expenses, etc., (“Broken Deal Expenses”), these expenses generally are borne *pro rata* by the Clients who would have participated in the investment had the investment been consummated; provided, that any Broken Deal Expenses incurred in connection with a Co-Investment Transaction (as defined below in Item 12) are allocated as set forth in Item 12.

To the extent that a Special Investment has been realized, expenses incurred post-realization are borne *pro rata* by the Clients that participated in such Special Investment to the extent such Client has capital remaining in such Fund (including capital invested solely in other Special Investments). If a Client has no further balances, the relevant Fund can be charged such former Client’s balance of such expenses.

In addition, Clients also bear certain expenses incurred in connection with the offering and sale of interests in the Fund and the fees and expenses of the Fund’s administrator(s), if applicable, and certain other service providers (including service providers engaged by the Fund to perform services which may in certain instances overlap in scope and/or nature with services provided by the administrator(s)). To the extent the Firm initially pays any of these expenses, Clients reimburse Sculptor.

On behalf of Clients that invest in the Firm’s Corporate Credit investment strategy, which currently includes all Affiliated CLOs and the Firm’s Affiliated CBO, Sculptor Institutional Income Master Fund, Ltd., Sculptor GC Opportunities Master Fund, Ltd., Sculptor EA, LP, Sculptor SC II, LP, Sculptor Asia Master Fund, Ltd., Sculptor Europe Master Fund, Ltd., Sculptor Master Fund, Ltd., Sculptor Credit Opportunities Master Fund, Ltd., Sculptor Enhanced Master Fund, Ltd., Sculptor Global Special Investments Master Fund, LP, and each of the foregoing Clients’ respective feeder funds, the Firm engaged a third-party loan administrative services provider to perform certain loan settlement services, which had previously been performed by the Firm. In accordance with each applicable Client’s governing documents, these services, to the extent performed on such Client’s behalf, are expensed to the applicable Client. To the extent additional Clients require any such services from a loan administrative services provider in the future, expenses incurred in connection therewith will be expensed to the applicable Clients in accordance with the applicable governing documents.

Please refer to Item 12 below for additional information regarding the factors Sculptor considers in selecting broker-dealers for Client transactions and in assessing the reasonableness of their compensation.

### ***Related Conflicts***

Strategic Relationships and Joint Ventures. Sculptor and its affiliates invest (either directly or through joint ventures or other strategic relationships, and in minority or majority positions) in asset managers, general partners, or other entities (“Management Entities”). Clients invest in investment funds managed by Management Entities without receiving any economic interest in the Management Entities. If a Client is subject to an incentive allocation or pays a management fee to a Management Entity, the portion of such allocation or fee that benefits Sculptor or its affiliates will be offset against other fees or allocations due to Sculptor or its affiliates. Any incentive allocation, performance fee, or management fee that accrues to the benefit of any owner of a Management Entity (other than Sculptor, its affiliates, or any of its respective employees) or any expenses of Management Entities, or expenses charged to underlying funds or vehicles in which a Client is directly or indirectly invested, will not be offset against any other fees due to Sculptor or its affiliates. Notwithstanding any offset of fees or compensation as described above, Sculptor will nonetheless benefit indirectly from the allocation of Client capital to the funds or vehicles with economic arrangements with Management Entities.

In addition, the Firm has a conflict of interest in determining whether to invest a Client’s capital in any Client and/or any such investment fund managed by such a joint venture or strategic relationship, including any Fund that has been capitalized with substantial investments by partners, principals, employees and other affiliates, in each case, of Sculptor Capital.

From time to time, Clients are allocated subordinated notes or equity investments in Affiliated CLOs, Affiliated CBOs, or Affiliated Securitizations as the Firm believes appropriate in accordance with each Client’s investment objectives and the Firm’s investment allocation policies and procedures. Please refer to “Allocation of Aggregated Orders and Other Investment Opportunities” in Item 12 for more detailed information regarding the Firm’s allocation policies. Clients may also, under certain circumstances, purchase other tranches of securities (in addition to subordinated notes) issued by an Affiliated CLO/CBO or an Affiliated Securitization and purchase subordinated notes or other tranches of securities in the secondary market. As described above, the Firm receives management fees and incentive fees from Affiliated CLOs/CBOs and Affiliated Securitizations. However, Sculptor will waive or rebate all fees and incentive income payable by the Affiliated CLO/CBOs or Affiliated Securitization in proportion to the Client's investment therein so that a Client will not bear two layers of fees and incentive income with respect to such investments. When a Client purchases newly issued subordinated notes or equity tranches of an Affiliated CLO/CBO or Affiliated Securitization, this purchase may facilitate a successful launch of the Affiliated CLO/CBO or Affiliated Securitization. Therefore, although Sculptor and its affiliates will not receive additional fees or performance-based compensation from the Client as a result of its investment in the Affiliated CLO/CBO or Affiliated Securitization, the Client’s investment in the newly issued subordinated notes or equity provides additional tangible and intangible benefits to us, such as seed capital to a vehicle that will generate fees from third party investors including management, incentive, rental, lease, sales and/or other similar fees (as described above) as well as the development of good will.

Affiliated and Unaffiliated Sub-Advisers. As discussed in Item 8 below, Sculptor has retained in the past and may retain again in the future certain sub-advisers to provide investment research and analysis and/or discretionary management to the Funds and any other Clients (directly or through investment funds, managed accounts, or other structures) with respect to discrete portions of the Clients' assets. Compensation (including, without limitation, management and other fees, carried interest, profit participation, and reimbursement of operating and other expenses) to sub-advisers that are not affiliates of Sculptor will be borne by Clients, and Sculptor will not offset, or compensate such sub-advisers from, its management fees or incentive income. Sculptor does, however, offset the compensation received against compensation received by sub-advisers that are Sculptor's wholly owned subsidiaries. As of the date of this Brochure, Sculptor Capital has no sub-advisory engagements with any affiliates that are not Relying Advisers.

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

As noted in Item 5 above, most Clients pay the Firm performance-based fees in the form of incentive income. Incentive income is typically 20% of annual net capital appreciation allocated to each investor in a Fund or, in the case of managed account Clients, the net capital appreciation allocated to managed account Clients, subject to certain limitations. Net capital appreciation generally includes: (1) unrealized appreciation or depreciation of assets; (2) realized gains and losses; and (3) with respect to Special Investments (as defined in Item 8 below), gains or losses that we have deemed to have been realized. Some Clients calculate incentive income solely with respect to realized gains (i.e., the Firm does not receive incentive income with respect to unrealized gains); for certain other Clients, Sculptor receives incentive income upon divestment of portfolio holdings, subject to the distribution waterfall specified in offering and organizational documents. Sculptor charges performance-based fees in accordance with Section 205 and Rule 205-3 under the Advisers Act.

The receipt of incentive income could motivate Sculptor to make investments that are riskier or more speculative than the Firm would make if it did not receive incentive income. This incentive is particularly acute when the incentive fee is payable only upon exceeding a hurdle rate or high-water mark, and the performance of Clients is below any such hurdle or high-water mark. In addition, as a result of net capital appreciation generally including unrealized appreciation of Client assets (other than unrealized appreciation of Special Investments), Sculptor may receive more incentive income than if net capital appreciation were based solely on realized gains. Where applicable, the Firm faces a conflict of interest when it deems a Special Investment to be realized, but not sold, because the Firm will receive incentive income based, in part, on any gain from the deemed realized Special Investment. The Firm also faces a potential conflict of interest when determining whether to realize a Special Investment at a loss because to do so would reduce the amount of incentive income payable to Sculptor Capital. The Firm has adopted procedures to assist in determining when Special Investments should be deemed realized.

Certain Clients have objectives that are similar to, or which overlap with, those of other Clients. Additionally, Sculptor and its affiliates typically retain ownership interests in those investment funds. In certain circumstances, particularly when Sculptor or its affiliates sponsor a new investment fund, platform, or other investment vehicle (because Sculptor and its affiliates may

provide most of the initial seed money), the product or platform may be wholly owned or majority-owned by Sculptor or its affiliates. In such cases, Sculptor faces a conflict of interest in determining the allocation of investment opportunities because Sculptor may allocate those opportunities believed to be attractive to those accounts in which Sculptor or its affiliates have a substantial ownership interest. Additionally, certain Clients pay higher fees to Sculptor than other Clients (as described above). As a result, Sculptor faces a conflict of interest in determining the allocation of investment opportunities because Sculptor may allocate those opportunities believed to be attractive to those Clients paying higher fees. Sculptor seeks to mitigate these conflicts by allocating investment opportunities to Clients in accordance with the Firm's Allocation Policy.

The Firm and its affiliates give advice and recommend securities to Clients which differs or conflicts with advice given to, or securities recommended or bought for, other Clients, even though the investment objectives of the respective Clients are the same or similar. As discussed in Item 12 below, the Firm and its affiliates seek to allocate investment opportunities fairly and equitably across Clients to the extent such opportunities are appropriate for such Clients, subject to the Firm's Investment Allocation Policy. However, there are certain situations in which a Client or group of Clients has a specific geographical, sector or strategy focus; situations in which specific Clients may receive priority in allocations as disclosed in Item 12 below; or situations where an agreement exists with an unaffiliated co-sponsor or joint venture partner or other Client, that investment opportunities that are appropriate for other Clients are first allocated to these type of Clients, with any remaining portions allocated to every other Client. Clients that receive investment opportunities in priority over other Clients may have been initially seeded by the Firm or its affiliates, and, at the time of a referral or priority allocation, may, to the extent there has been only limited investment by third party investors, remain wholly or principally owned by the Firm or its affiliates. If a Client does not receive an investment opportunity, it will not benefit from, and will have no right to profits arising out of, investments made by Clients that did receive the investment opportunity. Certain Clients seek more concentrated exposures to the same securities than are acceptable to other Clients. The Firm has Investment Allocation Policies and Procedures to help ensure that all Clients are treated fairly in regard to allocations over time. For additional information regarding allocation procedures, please see Item 12 below.

Sometimes, following an investment by a Client (or Clients), the Firm has the opportunity to make additional or follow-on investments in the same entity or a related entity. Generally, such allocations will be made *pro rata* based on the allocation of the initial investment. Occasionally, rather than allocate these additional or follow-on investment opportunities to the Client(s) that participated in the original investment, the Firm allocates the opportunity to other Clients (including Clients that may be wholly or principally owned by the Firm or its affiliates) and one or more strategic investors (which may include third parties and/or other investors in Clients). This can be done if and when the additional investment opportunity or follow-on investment could not, because of available capital, liquidity, risk limits, size, tax considerations, concentration or other reasons, be allocated in the same manner as the original investment to which it relates. Additional investment opportunities and follow-on investments may be more or less profitable than the original investment to which they relate. Follow-on investments related to Special Investments are described in Item 12 below.

From time to time, Clients make firm commitments to provide capital for investments at a certain date in the future. At the time the investment requires funding, the Firm sometimes allocates the

investment opportunity among that Client, other Clients eligible to participate in the investment (including other Clients that are wholly or principally owned by the Firm or its affiliates), and/or one or more strategic investors (which sometimes includes third parties and/or Clients). In addition, the Firm and its affiliates may establish investment platforms or strategic relationships with institutional and other clients to facilitate the investment of Clients in certain opportunities. To the extent that other Clients make an initial investment in or increase their investment in an investment platform, the investment will dilute the existing interest holders (and the underlying investments therein) unless the Firm determines to increase the other interest holders' commitment to the platform on a proportionate basis. Accordingly, Clients may be disadvantaged if the Firm allocates profitable opportunities away from them or if the Firm allocates unprofitable opportunities to them.

The portfolio strategies the Firm and its affiliates use for certain Clients could conflict with the transactions and strategies the Firm employs in managing other Clients and may affect the prices and availability of the securities and other financial instruments in which Clients invest.

## **Item 7 – Types of Clients**

As noted in Item 4 above, Sculptor and its affiliates provide portfolio management services to Funds (which may be organized as domestic or foreign partnerships, corporations, incorporated or unincorporated entities, or other similar entities), CLOs and/or CBOs, and may also provide portfolio management services to SMAs for institutional clients, which may include financial institutions, public and private pension funds, sovereign wealth funds, endowments, and foundations. Certain Funds require a minimum initial investment of \$5 million, which may be waived at the Firm's sole discretion.

Termination provisions for advisory contracts are as follows: (1) generally, the Funds' investment advisory contracts may be terminated as of December 31 of any year upon 90 days' prior written notice, although certain Funds' advisory contracts may be terminated under other conditions set forth in each specific contract; (2) investment advisory contracts for real estate Funds generally may be terminated upon 60 days' prior written notice by either party, although certain advisory contracts may be terminated under other conditions set forth in each specific contract; (3) termination provisions for advisory contracts for SMAs are subject to negotiation but generally may be terminated upon mutually agreeable terms; and (4) generally, the collateral management agreement for an Affiliated CLO or Affiliated CBO may be terminated for certain cause events described therein and upon the liquidation of the Affiliated CLO or Affiliated CBO or the satisfaction and discharge of the Affiliated CLO or Affiliated CBO in accordance with the terms of its governing documents.

The beneficial owners of separately managed accounts generally receive more information (including portfolio composition information) and have more favorable liquidity rights than investors in the Firm's other Clients. Sculptor may also negotiate fees with beneficial owners of SMAs that may be more favorable than the fees in place for comparable Fund tranches. The opportunity to open an SMA is not available to all prospective investors and is generally subject to minimum asset levels at Sculptor's sole discretion. Sculptor's decision whether to allow a prospective investor to open an SMA is made based on a variety of factors and in Sculptor's sole discretion.

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

The Firm employs a diverse investment strategy in managing Client assets, focusing on, among other strategies:

- Fundamental Equities
- Merger Arbitrage
- Corporate Credit
- Structured Credit
- Convertible & Derivative Arbitrage
- Real Estate
- Private Investments
- Aviation

Please note that a Client may pursue one or more of the above strategies or one or more strategies that are not included in the list above. Each of the strategies set forth above may incorporate sub-strategies in addition to the broad strategy described. In this regard, Clients should carefully review the periodic reports provided for their accounts. Furthermore, the Firm may pursue additional strategies in the future.

### ***Investment Strategies and Related Risks***

Fundamental Equities. This strategy involves research-based fundamental equities investing where the purchase and sale of securities is determined by an assessment of the market value of a security relative to the intrinsic value of a security. This strategy can involve investing and trading in a portfolio of equity securities and other assets, including: common stock; preferred stock; cash and cash equivalents (including money market funds); options; convertible bonds; futures; swaps; other derivatives or any other equity-like securities. The allocation of capital across asset classes within this strategy will vary depending on market opportunities and other factors. This strategy uses both long and short positions, and investments may be made on exchanges, in over-the-counter (“OTC”) market transactions and in private transactions. The Firm performs analyses to assess risks associated with investments in this strategy. The Firm regularly employs a variety of hedging techniques in an effort to reduce exposure to specific events, systematic risks, market risks, macro-economic risks, and other factors, when necessary or desired.

Merger Arbitrage. Merger arbitrage strategies involve the purchase and sale of securities, loans, and other tradeable instruments (usually equities) of companies involved in corporate reorganizations and business combinations, such as mergers, exchange offers, cash tender offers, spin-offs, leveraged buy-outs, restructurings and liquidations. These strategies require an assessment of the likelihood of consummation of a proposed transaction and an evaluation of the potential profits involved. If the event fails to occur or it does not have the anticipated effect, Clients may incur losses. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including, without limitation: (1) opposition of the management or stockholders of the target company, which often results in litigation to enjoin the proposed transaction; (2) intervention of a regulatory agency; (3) 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; (4) in the case of a merger, failure to obtain the necessary stockholder or third party approvals; (5) market conditions resulting in material changes in securities prices; (6)

compliance with applicable securities laws; and (7) inability to obtain adequate financing. Merger arbitrage positions also are subject to the risk of overall market movements. To the extent that a general increase or decline in equity values affects the stocks involved in a merger arbitrage position differently, the position may be exposed to loss. The success of merger arbitrage strategies can also depend on the overall volume of merger activity, which historically has been cyclical in nature.

The difference between the price paid by Clients for securities of a company involved in an announced extraordinary corporate transaction and the anticipated value to be received for such securities upon consummation of the proposed transaction will often be very small. Since the price for the securities of a company involved in an announced extraordinary corporate transaction is generally at a significant premium above the market price prior to the announcement, if the proposed transaction appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the securities may decline sharply, often by more than the profit the Firm anticipates for Clients, even if the security's market price returns to a level comparable to that which existed prior to the announcement of the deal. Because of the inherently speculative nature of corporate event-driven investing, the results of Client investments using this strategy may be expected to fluctuate from period to period. Accordingly, Clients should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

Corporate Credit. This strategy targets debt-oriented investment opportunities during various phases of credit and economic cycles. The segment is comprised of Opportunistic Corporate as well as the Firm's Institutional Credit Strategies. Opportunistic Credit focuses on stressed and distressed credit, special situation credit (e.g., long/short bonds) and investments in sovereign, municipal, high yield, and other opportunistic fixed income securities across the various layers of capital structures. The strategy may also employ derivatives (i.e., swaps, forwards, options and futures (and options thereon)) for hedging, risk management or speculative purposes, but generally does not employ structured credit (see "Structured Credit" section below) other than, from time to time, investment in Affiliated CLOs (see Item 5, Related Conflicts above). The Institutional Credit Strategies Segment is comprised of the CLO and CBO management platforms as well as other performing credit funds and customized products focused on both senior secured bank loans and high yield bonds.

Structured Credit. The Firm has broadly organized the structured credit market opportunity into four distinct underlying credit categories: residential real estate credit, commercial real estate credit, corporate credit (e.g., the CLOs discussed herein) and other/esoteric. Based on current market conditions, this strategy generally involves investment broadly within these four areas, including more liquid, securities, as well as less liquid, investments such as whole loans and other related structured transactions. The Firm could determine at any time to invest in other areas or products within its discretion. Structured Credit may include investments in securities and other instruments that have a limited or non-existent trading market. Such investments will not necessarily be designated Special Investments (described below). Accordingly, a significant portion of a Structured Credit portfolio may be composed of illiquid securities or securities that could become illiquid should market circumstances change.

Structured Credit generally includes investments in collateralized debt obligations (“CDOs”) (including, without limitation, CLOs, trust preferred CDOs, commercial real estate CDOs, collateralized synthetic obligations, multi-sector CDOs, other corporate CDOs and asset backed securities CDOs), asset backed securities (including, without limitation, residential mortgage backed securities, commercial mortgage backed securities, agency residential mortgage backed derivatives, aircraft leases and non-mortgage asset backed securities), re-securitizations, re-REMICs, and residential, commercial and other asset backed loans and debt instruments, as well as synthetic or structured versions of any of the foregoing, and litigation finance. Structured credit investments are subject to risks associated with defaults in the underlying assets as well as interest rate, market, documentation, prepayments, sovereign and other risks. Sculptor may finance its Structured Credit investments by entering into repurchase and reverse repurchase agreements.

Convertible and Derivative Arbitrage. Convertible and derivative arbitrage strategies generally involve valuation spreads between the convertible and/or derivative security(s) and the underlying security, another derivative security or other related instruments. To the extent the price relationships between such positions remain constant, no gain or loss on the position is likely to occur other than financing and repurchase or securities loan costs or the costs of options positions. Such positions do, however, entail a substantial risk that the valuation differential could change unfavorably, causing a loss to the spread position. Substantial risks also are involved in borrowing and lending against such investments. The prices of these investments can be volatile, market movements are difficult to predict, and financing sources and related interest and exchange rates are subject to rapid change. Changes in expected future volatility may result in a gain or loss on the positions. Certain corporate securities may be subordinated (and thus exposed to the first level of default risk) or otherwise subject to substantial credit risks. Government policies, especially those of the Federal Reserve Board and foreign central banks, have profound effects on interest and exchange rates that, in turn, affect prices in areas of the investment and trading activities of convertible and derivative arbitrage strategies. Many other unforeseeable events, including actions by various government agencies and domestic and international political events, may cause sharp market fluctuations. Furthermore, derivative arbitrage may also include trading and holding positions in certain types of commodity interests, which gives rise to commodity risk in the context of natural events (e.g., weather). Adverse natural events could negatively affect the underlying commodity and ultimately the value of the securities that are linked to the commodity.

Private Investments. Certain Clients may acquire assets through private placements or in privately negotiated transactions. Certain Clients’ investment programs are focused primarily on acquiring assets through privately negotiated transactions within a particular industry or investment strategy. Clients whose investment programs are focused on a particular sector may be subject to greater risk than an investment in a portfolio of securities representing a broader range of industries and may be subject to risks associated with concentration in a relatively small number of investments. The Firm, in its sole discretion, may designate assets or securities acquired through direct investments or private placements which the Firm believes either lack a readily assessable market value, are illiquid, or should be held until the resolution of a special event or circumstance as “Special Investments” for some or all of Clients. The Firm makes this designation by taking into account all relevant factors, including, without limitation, (a) the existence and depth of a trading market for such investment or the likelihood that one will develop (including based on markets for comparable investments and degree of syndication of such investment), (b) availability of reliable pricing information, (c) contractual limitations on transfers, (d) ability to finance such investment,



(e) the anticipated manner of trade or settlement and its effect on liquidity, (f) availability and access to information about the issuer and (g) the investment/exit thesis (i.e., whether the intent is to hold the investment until a specific event occurs, such as maturity of a debt instrument). Investments in Special Investments may be limited and, in respect of any such Fund, the Firm generally does not expect Special Investments to comprise more than 20-25% of the total assets of a Fund, as determined at the time the investment is made. However, such percentages may be exceeded due to market impact on portfolio holdings, a decline in value of other investments or redemptions.

With respect to Special Investments held by Funds, only investors that hold an interest in the Fund at the time a Special Investment is designated by the Fund will have an interest in the related Special Investment. Accordingly, because the value and performance of Special Investments may vary, the return on investment among investors of that Fund may vary significantly depending on when an investor contributed capital to that Fund. Funds will generally only receive a return of capital and realize gains (if any) on Special Investments upon the partial or complete disposition of the asset. While it may be possible to sell certain Special Investments at any time, disposition of Special Investments is in the Firm's absolute discretion and such Special Investments may be held for a number of years after the investment has been made.

Real Estate. In managing certain Funds, the Firm employs a value-based, situationally opportunistic investment rationale, investing primarily throughout the United States and Europe, and expects to pursue transactions with one or more of the following characteristics:

- Distressed situations both at the ownership level and asset level, in which alternative capital sources are unavailable or unwilling to participate in highly complex restructurings, notwithstanding attractive underlying property fundamentals;
- Transactions that are operationally intensive and allow the Firm to differentiate itself through its experience and relationships and collaboration with operating partners to manage properties in certain distinct asset classes;
- Value enhancement opportunities where the Firm can identify and reposition underperforming assets with correctable, temporary flaws, including volatile tenancies, physical problems, disjointed ownership structures, and liquidity constraints;
- Lack of capital/contrarian investments where a particular geographic area, industry or asset type is out of favor and therefore mispriced due to fluctuations in capital flows;
- Pricing arbitrage where high-quality assets can be purchased at better than market pricing by identifying some arbitrage in the transaction that is causing the seller to transact apart from direct economic motivations (often driven by restrictive time constraints, structuring requirements, tax and estate planning, and/or regulatory restrictions);
- Custom-tailored capital to meet a seller's objectives distinct from valuation that may offer more attractive risk return profiles; and

- Absentee ownership transactions from inadvertent owners of assets, including banks and other financial institutions, as well as owners of large portfolios, where individual assets may be overlooked or less strategic.

The Firm also seeks to preserve capital and mitigate risk through pursuing generally non-competitive investments, proprietary sourcing, discretion in deal selection, thorough due diligence, intensive asset management, multiple defined exit strategies, and structured downside protection. The Firm monitors its investments in an effort to manage risk and adapt its investment strategies in anticipation of changes in capital market and property market conditions. The Firm seeks to diversify investments across geography, asset types and transaction structures to also balance its Funds' portfolios.

Aviation. This strategy involves, among other things, opportunistically investing across a variety of aircraft and aviation-related assets. Such investments may include without limitation: (a) equity or debt in aircraft-backed transactions where the Firm or an affiliate acts as an advisor providing enhanced reporting to debt and equity investors; (b) equity ("E-Notes") or debt in other aircraft-backed transactions or aircraft ABS; (c) standalone aircraft holdings that require active management; and/or (d) anchor equity transactions. The allocation of capital across opportunities within this strategy will vary depending on market opportunities and other factors. There can be no assurance that investments in this strategy will be able to generate returns commensurate with the risks of investing in the types of instruments described herein. Additional risks include without limitation risks relating to: (a) acquisition and maintenance of aircraft, which are long-lived assets requiring long lead times to develop and manufacture and that are or may be subject to rapid obsolescence due to the advent of superior aircraft as well as cyclical supply and demand; (b) lease or re-lease of aircraft whose profitability depends on the financial conditions of the lessee airlines and lease rates; (c) supply risk due to the fact that the supply of commercial aircraft is dominated by a few airframe manufacturers; (d) disposal of unsalvageable aircraft components; (e) high or volatile fuel costs, which represent a major expense to airlines; (f) insurance coverage; and (g) effects of terrorism and war.

### ***Other Risks of Investing and Trading***

Investing in securities, loans, and derivatives involves risk of loss that Clients should be prepared to bear. Each of the investment strategies described above is subject to material risks. The Firm discloses the risk factors for a particular strategy to all Clients, and in the case of Funds Sculptor discloses the risk factors associated with the Fund's investment strategies in the relevant offering materials.

Set forth below are certain material risk factors that are often associated with the investment strategies and types of investments relevant to many Clients. The information included in this Brochure does not include every potential risk associated with each investment strategy or applicable to a particular Client. Sculptor encourages each Client and prospective client to read all risk factors presented and determine whether a particular investment strategy or type of security is suitable for them in light of their specific circumstances, investment objectives and financial situation.

Liquidity of Investments. Sculptor strategies may involve investments in securities, loans, commodities, and derivatives that are subject to legal or other restrictions on transfer or for which no liquid market exists. Sculptor does not designate all of these securities as Special Investments. The market prices, if any, for such securities tend to be volatile and Clients may be unable to sell them when desired or to realize our perceived fair value of the investments in the event of a sale. The sale of restricted or 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 OTC markets. Restricted securities may sell at a price lower than similar securities that are not subject to transfer restrictions.

Non-U.S. Securities. Investments in securities of non-U.S. issuers (including non-U.S. governments) and securities denominated, or whose prices are quoted, in non-U.S. currencies pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability) as well as a range of other potential risks which could include expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains, other income, or gross sale proceeds or disposition proceeds, limitations on the removal of funds or other assets of Clients, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of a financial instrument 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. In addition, less information may be available regarding securities of certain non-U.S. issuers who may also 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 United States. There is generally less government supervision and regulation of exchanges, brokers and issuers outside the United States than there is in the United States. Clients 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 performance of Clients. Debt instruments issued by certain non-U.S. sovereign nations have in the past suffered and may again in the future suffer significant declines in value and are subject to potential default. Clients may be invested in such securities. Furthermore, certain hedging techniques may not be effective in limiting the downside risks of such investments.

The income Clients receive from sources within some non-U.S. countries may be reduced by withholding and other taxes imposed by such countries. Any such taxes that Clients pay will reduce the net income or return from investments in such securities.

Uncertain Exit Strategies. Due to the illiquid nature of certain positions which the Firm expects Clients to invest in, the Firm is unable to predict with confidence what the exit strategy will ultimately be for any such investment, or that one will definitely be available. Exit strategies which appear to be viable when an investment is initially made may be unavailable at the time the investment is ready to be realized due to economic, legal, political, or other factors.

Risks Associated with Distressed Investment Strategies. The success of many of the investment activities will depend to an extent on the Firm's ability to identify and benefit from inefficiencies

in the high yield and distressed debt securities markets. These opportunities involve uncertainty. The Firm cannot be certain that it will be able to locate investment opportunities or to correctly take advantage of inefficiencies in the markets. A reduction in inefficiencies that provide opportunities, for example, for convertible arbitrage or capital structure arbitrage will reduce the scope for those investment strategies. If the perceived mispricing underlying Client positions fail to converge toward, or diverge further from, the relationships expected, Clients may incur a loss. Further, the investments utilized in implementing such strategies will include derivatives, such as futures and options, which are themselves inherently volatile in the context of specific market movements.

Some of the distressed investment strategies the Firm employs are based on historical relationships between the valuations for two or more different securities. The Firm cannot be certain that such historical relationships will continue, and the Firm makes no representations as to what results Clients will or are likely to achieve based on such trends and relationships.

Furthermore, distressed investment strategies may result in increased risk of conflicts of interest when the Firm's Clients hold interests at different levels of an issuer's capital structure, as described in Item 11 below.

Risks of Arbitrage Strategies. Some of the arbitrage strategies employed on behalf of Clients may result in high portfolio turnover and, consequently, greater transaction costs. Depending upon the investment strategies employed and market conditions, Clients may be affected adversely by unforeseen events involving changes in interest rates or the credit status of an issuer, forced redemptions of securities, acquisition proposals, break-ups of a planned merger, unexpected changes in relative value, short squeezes, inability to short stock, changes in tax treatment, or similar circumstances. There can be no assurance that the Firm will be able to locate investment opportunities or exploit pricing discrepancies.

Use of Leverage and Financing Arrangements. In managing Clients' positions, the Firm sometimes employs leverage when the Portfolio Manager believes that the use of leverage may enable Clients to achieve a higher rate of return. Accordingly, the Firm may cause Clients to pledge securities or provide other forms of security or assurance in order to borrow additional funds for investment purposes. The Firm may also cause Clients to leverage investment returns with derivatives (i.e., swaps, forwards, options and futures, short sales, repurchase agreements, reverse repurchase agreements and other derivative instruments). The amount of borrowings which Clients may have outstanding at any time may be large in relation to the capital contributed to their account. Certain Funds have limitations on their ability to utilize leverage, which are described in their respective offering materials.

While leverage presents opportunities for increasing Clients' total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of a Client's investment would be magnified to the extent that such Client's account is leveraged. This may result in a substantial loss to Clients, which would be greater than if the Firm had not employed leverage in managing the account.

The financing used by certain Clients to leverage their portfolios is obtained from broker-dealers and/or banks in the marketplace in which the Clients invest. While the Firm attempts to negotiate

the terms of these financing arrangements with such broker-dealers on behalf of Clients, our ability to do so is limited. The Clients are therefore subject to changes in the value that the broker-dealer or bank ascribes to given securities or positions, the amount of margin required to support such securities or positions, the borrowing rate to finance such securities or positions and/or the broker-dealer's or bank's willingness to continue to provide any credit to the Client. The Clients could be forced to liquidate their portfolios on short notice to meet financing obligations. The forced liquidation of all or a portion of a Client's portfolio at distressed prices could result in significant losses to the Client. In addition, the Firm may be able to negotiate more favorable terms or benefit from the economies of scale for financing arrangements with broker-dealers or banks on behalf of Clients. The terms of a financing arrangement applicable to a Client, may however be adversely affected by actions related to the Client's portfolio at a broker-dealer or bank, including, without limitation, violation of specified diversification or concentration limits or transactions related to specified types of securities exceeding a certain percentage of the total of all transactions, as measured across all such Clients. Furthermore, certain arrangements may permit Clients to increase or decrease the exposure to financing during its term. In this case, the Firm will exercise discretion with respect to appropriate levels of financing for Clients based on the desired level of financing for each Client. To the extent that financing arrangements are limited, Clients may not be able to achieve the desired level of financing.

Clients may enter into OTC derivatives (including, but not limited to, swap transactions) to establish investment positions or for hedging purposes. Clients may also enter into term financing commitments with prime brokers. Certain agreements governing these relationships are subject to termination or require additional collateral to be posted in the event that the net asset value of a Client's account falls below a certain level, due to either a decline in value, withdrawals or a combination thereof. If a Client is required to terminate the relevant agreement, it could be required to sell some or all of its assets at a discounted value. Additionally, certain agreements governing these relationships are subject to termination if a key person or multiple key persons were to cease to be involved with Sculptor Capital.

Short Selling. The Firm may use short sales in managing portfolios for Clients. Short selling involves selling securities which may or may not be owned and borrowing the same class of securities for delivery to the purchaser, with an obligation to return 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 Firm engages in short sales in each Client's account varies by investment strategy and also depends on our perception of market direction. 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 Clients of buying those securities to cover the short position. There can be no assurance that Clients will be able to maintain the ability to borrow securities sold short. There also can be no assurance that the securities necessary to cover a short position will be available at or near prices quoted for purchase 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. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices, in the OTC market, or with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and a Client may be entirely dependent on the willingness of OTC market makers to quote prices at which the synthetic short position may be

unwound. There can be no assurance that market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis.

In many jurisdictions, the practice of “naked” short selling is prohibited. “Naked” short selling involves selling securities short without first having secured appropriate cover (for example, by borrowing or agreeing to borrow securities or locating securities that are available to borrow in the relevant quantity in time for settlement of the short sale transaction). In jurisdictions where naked short sales are prohibited, if a Client is unable to secure appropriate cover, the Client may not be able to enter into short sales and therefore the Firm may not be able to express fully its negative views in relation to relevant securities on behalf of such Client. In jurisdictions where naked short selling is permitted, the entry by a Client into naked short sales may expose the Client to increased risk of liability for costs or losses suffered by the transaction counterparty or other relevant parties as a result of a settlement failure (if it transpires, after entering into the short sale, that the Client is unable to borrow the requisite amount of securities in time for the settlement date), including, without limitation, as the result of the exercise by the transaction counterparty, an exchange or a central counterparty of a “buy-in” and the imposition by an exchange or central counterparty of penalties or fines for the settlement failure. The SEC and other regulatory authorities outside of the United States have established rules imposing trading and reporting requirements on short selling, which could affect adversely trading opportunities, including hedging opportunities for Clients.

Trading in Currencies. From time to time, the Firm may engage in opportunistic currency trading strategies, which may include the use of swaps, forwards, and futures (and, in each case, options thereon). A principal risk in trading currencies is the rapid fluctuation in the market prices of currency contracts. Prices of currency contracts are affected generally by relative interest rates, which in turn are influenced by a wide variety of complex factors such as monetary supply and demand, balance of payments, inflation levels, fiscal policy, and political and economic events. In addition, governments may intervene, directly or by regulation, in currency markets, with the specific effect, or intention, of influencing currency exchange rates, which may, together with other factors, cause rapid movements in currency exchange rates, which could adversely affect the Firm’s currency trading strategies.

Interest Rate Risk. Changes in interest rates may affect a number of different investment strategies the Firm uses in managing portfolios for Clients. For example, with respect to collateralized debt obligations and CLOs (“Structured Products”), the collateral of a Structured Product may bear interest at a fixed rate while the Structured Product itself bears interest at a floating rate (or vice versa), with a resultant mismatch in payment obligations of the collateral and the relevant Structured Products. As a result of such mismatches, fluctuations in floating rate indices may impact adversely the ability of the issuer of the relevant Structured Products to make payments. In addition, the value of most mortgage-backed securities (“MBS”) and asset-backed securities (“ABS”), like traditional debt securities, tends to vary inversely with changes in interest rates. When interest rates rise, the value of MBS and ABS generally will decline; however, when interest rates decline, the value of MBS and ABS with prepayment features may not increase as much as other fixed income securities because prepayment of mortgages and other loans tends to accelerate during periods of declining interest rates. To the extent that Clients purchase MBS and ABS at a premium, prepayments (which may generally be made without penalty) may result in loss of the premium paid. Further, when mortgages and loans underlying MBS and ABS held by Clients are

prepaid, Clients will receive principal repayments on the MBS and ABS, which they may reinvest in other securities where the yields will reflect interest rates prevailing at the time, which may be lower than the yield on the prepaid MBS or ABS. The value of MBS and ABS is also subject to extension risk, which is the reverse of prepayment risk. Extension, or slower payment of the underlying mortgages and loans, extends the time it takes to receive cash flows and generally compresses the yield on MBS and ABS and makes such instruments more sensitive to rising interest rates and price declines.

Counterparty Risk. Many of the markets in which the Firm effects transactions for Clients are OTC or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight to the same extent as members of “exchange-based” markets. This exposes Clients 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 Client to suffer a loss. Although the Firm intends that Clients will only enter into transactions with counterparties that the Firm believes to be creditworthy and attempt to reduce exposure by obtaining collateral in appropriate cases, there can be no assurance that a counterparty will not default and that Clients will not sustain a loss on a transaction as a result. In addition, concentration of transactions with a limited number of counterparties could increase the potential for losses by Clients. The ability of Clients to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities, and the absence of a regulated market to facilitate settlement may increase the potential for Client losses. Clients could be subject to additional counterparty-related risks that are not described above, and these risks may be material. A description of additional risks is located in the offering materials of each Fund.

Risks Associated with Derivatives. From time to time, the Firm uses derivatives, including swaps, forwards, options and futures, among other instruments, for hedging, risk management, or to seek to enhance returns. The use of derivatives carries significant risks. Among other things, derivatives involve leverage, which serves to magnify losses and gains; the pricing of derivatives can be volatile or illiquid, particularly during periods of market stress; certain derivatives may be difficult to exit in a timely and cost-effective manner; derivatives with swap dealers are subject to counterparty credit risk; derivatives positions could be impacted negatively by the failure of a swap dealer or a futures commission merchant; trading in derivatives outside of the U.S. may expose Clients to credit and regulatory risks; hedging, risk management and risk reduction strategies may be ineffective or based upon ineffective models, data or inputs; and speculating with derivatives is inherently risky and may lead to large losses. The derivatives markets are generally subject to changing regulation, including the ongoing impact of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, as amended, and similar regulation outside of the United States, that may impose substantial costs on the operation of the Firm’s business and the implications of pending and/or future regulation may also create additional regulatory risk. Furthermore, the Firm’s operational resources will likely need to be augmented to stay in compliance with such regulations.

Energy-Related Risks. Investments in the energy sector may be subject to a variety of risks, not all of which can be foreseen or quantified. Risks may include, but are not limited to: (i) the risk that the technology employed in an energy project will not be effective or efficient; (ii) risks of equipment, fuel interruptions, loss of sale and supply contracts or fuel contracts, decreases or

escalations in fuel contract prices, bankruptcy of key customers or suppliers, tort liability in excess of insurance coverage, inability to obtain desirable amounts of insurance at economic rates and catastrophic events; (iii) risks that regulations affecting the energy industry will change in a manner detrimental to the industry; (iv) environmental liability risks related to energy properties and projects; (v) uncertainty about the extent, quality and availability of oil, gas and coal reserves; and (vi) the risk of changes in values of companies in the energy sector whose operations are affected by changes in prices and supplies of energy fuels (prices and supplies of energy fuels can fluctuate significantly over a short period of time due to changes in international politics, energy conservation, the success of exploration projects, the tax and other regulatory policies of various governments and the economic growth of countries that are large consumers of energy, as well as other factors).

Risks Associated with Information Security. Increased reliance on internet-based programs and applications to conduct transactions and store data creates growing operational and security risks. Targeted cyberattacks or accidental events can lead to breaches in computer and data systems security, and subsequent unauthorized access to sensitive transactional and personal information held or maintained by the Firm, its affiliates, and third-party service providers or counterparties. Any breaches that occur could result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to investors and the beneficial owners of investors, and may lead to theft, data corruption, or overall disruption in operational systems. Criminals may use data taken in breaches in identity theft, obtaining loans or payments under false identities and other crimes that have the potential to affect the value of assets in which Clients invest. The information and technology systems of the Firm or companies in which Clients invest may be vulnerable to damage or interruption from computer viruses, denial of service attacks, ransomware, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. These risks have the potential to disrupt the Firm's ability to engage in transactions, cause direct financial loss and reputational damage or lead to violations of applicable laws related to data and privacy protection and consumer protection. Cybersecurity risks also necessitate ongoing prevention and compliance costs.

Risks Associated with Service Providers. The Firm's Clients are dependent upon its counterparties and third-party service providers, including the Firm, the fund administrator, prime brokers, custodians, legal counsel, auditors and other service providers from time to time (the "Service Providers"). Errors are inherent in the business and operations of any business, and although the Firm has adopted measures to prevent and detect errors by, and misconduct of, counterparties and Service Providers, and transact only with counterparties and Service Providers it believes to be reliable, such measures may not be effective in all cases. Failures in systems and processes employed by Services Providers, counterparties, exchanges and similar clearance and settlement facilities and other parties could result in mistakes made in the confirmation or settlement of transactions, the exercise or acknowledgement of security conversion, other mistakes in connection with investment-related corporate actions or in transactions not being properly booked, evaluated or accounted for. Any of the foregoing errors, misconduct or failures could have a material adverse effect on the Firm, its Clients and its Client's investments.



ESG Considerations and Risks. As part of the Firm's investment approach, the Adviser considers ESG-related issues and opportunities as part of the investment merit and risk monitoring processes across investment disciplines. The Adviser seeks to align its ESG investment practices with the tenets set out by the United Nations Principles for Responsible Investment in a manner consistent with the mandates of each Client, as applicable. When investing and managing assets, the Adviser undertakes an ESG analysis to identify and consider ESG factors that present material business risks and/or opportunities, weighing such factors along with other relevant economic and non-economic factors to determine risk and return. Investment decision-making is thus a combination of all relevant economic and non-economic considerations rather than based solely on ESG considerations, in a manner that is consistent with our fiduciary duties and the investment mandates of the Funds the Adviser manages.

Discontinuation of LIBOR. It is expected that LIBOR will not be published after the year 2021. In anticipation of the end of LIBOR, the United States and other countries are currently working to replace LIBOR with alternative Benchmark Rates. As a general matter, the expected discontinuation of Libor may significantly impact financial markets; specifically, discontinuation may impact financial contracts to which the Intermediate Fund and/or the Master Fund is a party. Generally, the transition to alternative Benchmark Rates may (i) cause the value of a Benchmark Rate to be uncertain or to be lower or more volatile than it would otherwise be; (ii) result in uncertainty as to the functioning, liquidity or value of certain financial contracts; (iii) involve actions of regulators or rate administrators that adversely affect certain markets or specific financial contracts; and (iv) impact the strategy, products, processes, legal positions and information systems of market participants, including the Intermediate Fund and/or the Master Fund and its counterparties. With respect to financial contracts to which one or more Clients is a party, any such contract that has a maturity that extends beyond 2021 and uses LIBOR as a Benchmark Rate (other than contracts that include curative fallback language or other curative mechanisms) may need to be renegotiated, the process of which will consume resources of those Clients and may result in disputes among counterparties, the result of which may be adverse to those Clients. Considered in their entirety, the impacts of the discontinuation of LIBOR on financial markets generally and on the specific financial contracts to which Clients are a party may adversely affect the performance of those Clients.

Assumption of Catastrophe Risks. The Adviser's Clients may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; terrorism; and public health crises, including the occurrence of a contagious disease. To the extent that any such event occurs and has a material effect on global financial markets or specific markets in which a Client participates (or has a material effect on locations in which the Adviser operates) the risks of loss can be substantial and could have a material adverse effect.

Coronavirus Risks. In December 2019, a novel strain of coronavirus (commonly known as COVID-19) surfaced in Wuhan, China, resulting in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across China and South Korea, among other affected countries. These closures have caused the disruption of manufacturing supply chains and local and global economies, the duration of which remains uncertain. As of the date of this Brochure, COVID-19 has spread across the world, which may result in additional market

disruptions. The extent to which COVID-19 may negatively affect the Adviser's operations and the investment performance is difficult to predict. Any potential impact on such operations and performance will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of COVID-19 and the actions taken by authorities and other entities to contain COVID-19 or treat its impact. These potential impacts, while uncertain, could adversely affect investment performance.

### ***Additional Real Estate Fund Related Risks***

Investing in securities, loans and private investments involves a risk of loss that Clients should be prepared to bear. The following are inherent risks involved with real estate investment strategies employed by some of the Funds:

General Real Estate Considerations. Real property investments are subject to varying degrees of risk. Real estate values are affected by a number of factors, including changes in the general economic climate, local conditions, the quality and philosophy of management, competition based on rental rates, attractiveness and location of properties, physical condition of properties, financial condition of buyers and sellers of properties, quality of maintenance, insurance and management services, and changes in operating costs. If investments do not generate sufficient revenues or proceeds to meet their operating expenses, including debt service and capital expenditures, a Fund's cash flow and ability to pay distributions to Clients will be adversely affected. Certain significant expenditures associated with each equity investment (such as mortgage payments, real estate taxes, lease obligations and insurance and maintenance costs) are generally not reduced when circumstances cause a reduction in income from such investment. Real estate historically has experienced significant fluctuations and cycles in value and a real estate Fund may buy and/or sell investments at less than optimal times. Real estate values are also affected by such factors as government regulations (including those governing usage, improvements, zoning and taxes); interest rate levels; the availability of financing; participation by other investors in the financial markets; potential liability under changing laws; acts of God, including earthquakes, hurricanes and other natural disasters; acts of war; and acts of terrorism (any of which may result in uninsured losses).

Investment in Troubled Assets. A Fund may make investments in non-performing or other troubled assets utilizing leveraged capital structures. By their nature, these investments can involve a high degree of financial risk, and there can be no assurance that a Fund's rate of return objectives will be realized or that there will be any return of capital. Investments in troubled assets are sometimes subject to certain additional potential liabilities which may exceed the value of a Fund's original investment. For example, under certain circumstances, lenders that have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. Numerous other risks also arise in workout and bankruptcy contexts, including the possibility that payments to a Fund and distributions by the Fund to investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

The Firm may also find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased or made by a Fund. The foreclosure process varies by jurisdiction and can be lengthy and expensive. Borrowers often assert claims, counterclaims and defenses to delay or prevent foreclosure actions, which can prolong and complicate an already difficult and time-consuming process. In some states or other jurisdictions, foreclosure actions can take up to several years or more to conclude. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy, with the effect of staying the foreclosure action, further delaying the process, and materially increasing the expense thereof, which may not be recoverable by a Fund. Foreclosure litigation may create a negative public image of the collateral property and may result in disrupting ongoing leasing and management of the property. In addition, anti-deficiency and related laws in certain states limit recourse and remedies available against borrowers in connection with or as a result of foreclosure proceedings or other enforcement actions taken with respect to borrowers. Such laws can result in the loss of liens on collateral or the loss of personal recourse against a borrower altogether.

Investments in Real Estate Developments. A Fund may acquire for development direct or indirect interests in undeveloped real property, which is initially non-income producing property. To the extent that a Fund invests in these assets, it will be subject to the risks normally associated with these assets and with their development activities. These risks include those relating to the availability, expense, and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of the Fund, such as weather, labor conditions, or material shortages) and the availability of construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities, any of which could have an adverse effect on the financial condition and results of operations of a Fund and on the amount of funds available for distribution to investors. Properties under development or properties acquired for development may receive little or no cash flow from the date of acquisition through the date of completion of development and may still experience operating deficits well after the date of completion. In addition, market conditions may change during the course of development that make these investments less attractive than at the time they were commenced.

Potential Environmental Liability. The properties that the Firm targets for investment by real estate Funds will be subject to a variety of foreign, U.S. federal, state and local statutes, ordinances, and rules and regulations concerning the protection of health and the environment. The particular environmental laws that apply to any given community vary greatly according to the community site, the site's environmental conditions and the present and former use of the site. Environmental laws may result in delays, cause a Fund to incur substantial compliance and other costs, and prohibit or severely restrict development in certain environmentally sensitive regions or areas. Under various environmental laws, an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in a property (including, without limitation, asbestos, mold, petroleum products, and other pollutants). Such enactments often impose liability without regard to whether the owner knew of, or was responsible for, the presence of hazardous or toxic substances. For example, the current owner of a parcel of land may be liable for environmental problems at, or emanating from, the parcel of land that a past owner or current operator of the site caused. The cost of any required remediation and the owner's liability for it is generally not limited and could exceed the value of the property and/or the aggregate assets of the

owner. The presence of substances, or the failure to remediate properly, may adversely affect the owner's ability to sell the real estate or to borrow using the property as collateral. In addition, remediated property may attract a limited number of potential purchasers because of the property's history of contamination, which might also affect adversely the owner's ability to sell the property. Further, a transfer of property does not relieve from liability a person who owned the property when hazardous or toxic substances were disposed of on, or released from, one property. Also, noncompliance with environmental regulations may allow a governmental authority to order the owner/operator to cease operations at the property or to incur substantial costs and expenses to bring the property into compliance through the implementation of burdensome remediation or prophylactic measures. It is also possible that the owners of properties with significant contamination could be exposed to property damage in personal injury claims by adjoining or nearby landowners or residents. Finally, there can be no assurance that environmental laws relating to real estate transactions will not be amended in the future in ways that could affect adversely the Fund's investments.

Government Regulation. The real estate industry is extensively regulated and subject to frequent regulatory change. The adoption of new legislation, changes in existing laws, or new interpretations of existing laws can have a significant impact on methods of doing business, costs of doing business, and amounts of reimbursement from governmental and other agencies. The real estate industry is and will continue to be subject to varying degrees of regulation and licensing by federal and state regulatory authorities in various states and localities.

Use of Leverage. In employing its real estate investment strategies, the Firm may cause a Fund to leverage its investments with non-recourse debt financing, in which case a third-party lender would be entitled to the cash flow generated by the related investment prior to the Fund receiving a return of, or on, its investment. A Fund may also obtain recourse debt financing to allow the Fund to close transactions quickly and/or obtain more favorable terms. Although the use of leverage may enhance returns and increase the number of investments that can be made, it involves a heightened degree of risk, is inherently more sensitive to adverse economic factors (such as a significant rise in interest rates, a downturn in the economy, deterioration in the condition of investments, declines in revenues, and increases in expenses) and can exaggerate the financial effect of any increase or decrease in the value of investments. Borrowings under a proposed credit facility may be secured, among other things, by the Clients' obligations to make capital contributions. Any inability of a Fund to repay borrowings could enable a lender to cause Clients to make capital contributions for repayment.

### ***Methods of Analysis***

In evaluating potential investments, the Firm conducts due diligence based on the facts and circumstances applicable to each investment. When conducting due diligence, the Firm may, as it deems appropriate, evaluate important and complex business, financial, tax, accounting, environmental and legal issues. The Firm may retain outside consultants, legal advisors, accountants and investment bankers as part of the due diligence process in varying degrees depending on the investment. The Firm relies on the resources available, including information provided by the target of the investment and, in some circumstances, third-party research and consultants. The due diligence that the Firm carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such

investment opportunity, and the evaluation will not necessarily result in the investment being successful. Moreover, the level of due diligence conducted with respect to each investment will vary and the Firm may not assess properly the appropriate amount of diligence for each investment, which may result in losses to Clients.

Risk management is central to the operation of our business. The Firm emphasizes portfolio diversification by asset class, industry sector, and geography. Further, the Firm uses both quantitative and qualitative analyses to monitor financial and event risk and manage volatility. The Firm may seek to hedge credit, interest rate, currency, and market exposures. There can be no assurances, however, that appropriate hedges will be available or in place to successfully limit losses and to the extent correlations between positions a Client's portfolio do not behave as we expect, certain hedges may exacerbate rather than mitigate losses.

The Firm's Risk Committee oversees the Firm's risk management processes and meets regularly to review, among other information, internal risk analysis, including the results of stress testing the Firm's portfolios under numerous scenarios. The Risk Committee also discusses other general risks, including, but not limited to, global economic, geopolitical, counterparty, and operational risks. Additionally, portfolio managers meet regularly with analysts to review inherent risks associated with the positions in each fund. The Risk Committee generally reviews Client portfolios as a whole and will not review the risks associated with each investment contained in a portfolio. Accordingly, the risks associated with each investment may not be specifically reviewed by the Risk Committee. Notwithstanding the diligence that is conducted in connection with any investment, there can be no assurance that the Firm will identify or review all risks or that the Firm will be able to prevent investment losses. Furthermore, it may not be possible to uncover fraud and other misconduct by issuers of securities, borrowers, or private companies in which the Firm and its affiliates invest.

In addition to longer term investment strategies, the Firm also seeks to capitalize on short-term trading opportunities in certain circumstances, which do not involve the extensive risk analysis described above.

Generally, the investment programs Sculptor employs for Clients give the Firm discretion to allocate capital to a wide variety of investment/asset types. Accordingly, the composition of Client portfolios will evolve over time and exposures to specific sectors, geographies, strategies and instruments will fluctuate. The Firm makes a reasonable effort to keep Clients (including Fund investors) informed of any investment strategies that constitute a material portion of their portfolio as soon as reasonably practicable.

### ***Master Funds***

Use of Master-Feeder Structure. The use of a master-feeder structure may create a conflict of interest among different feeders in that different tax and other structuring considerations may cause certain structures and/or the disposition of investments to be more advantageous to one feeder fund than another. To the extent that the Adviser or any of its partners, principals, employees or other affiliates have an investment in a feeder fund that is advantaged by such a structure or disposition, there is a conflict of interest among their interests and those of the investors in the other feeder funds. An example of a conflict of interest among different feeders includes a situation where a

smaller feeder fund investing in an Intermediate Fund or a Master Fund may be materially affected by the actions of a larger feeder fund investing in an Intermediate Fund or a Master Fund, as applicable. If a larger feeder fund redeems or withdraws from an Intermediate Fund or a Master Fund, as applicable, the remaining feeder fund may experience higher *pro rata* operating expenses, thereby producing lower returns. An Intermediate Fund or a Master Fund may become less diverse due to a redemption by a larger feeder fund, resulting in increased portfolio risk. In addition, tax and other structuring considerations, regulatory considerations and other factors may require that investments be made in certain feeder funds and not others. This will have the consequence of causing excluded feeder funds to not participate in certain opportunities, while participating feeder funds may experience higher portfolio concentration in certain sectors or strategies. In addition, these considerations from time to time lead to transactions by an Intermediate Fund or a Master Fund which benefit one or more, but not all, feeder funds (including feeder funds in which the Adviser or its partners, principals, employees or other affiliates may have an investment), and where the cost of such transactions is borne by all feeder funds, not only those that benefit.

### ***Frequent Trading***

Some of the investment strategies the Firm employs for Clients involve frequent trading of securities, loans and derivatives. When the Firm employs these strategies for Clients, their portfolio turnover will be substantially greater than the turnover rates of other types of investment strategies that do not involve trading to such an extent. Consequently, certain expenses (e.g., brokerage commissions) may be greater than for other types of strategies and there may also be additional tax considerations for certain types of Clients and Fund investors.

### ***Sub-Advisers***

The Firm allocates a portion of Client assets to affiliated and/or unaffiliated portfolio managers for management through managed accounts, investment funds or other structures (“Sub-Advisers”). Sub-Advisers are generally retained for the purpose of allowing Clients to participate in investments that are of strategic value. Such allocations may take the form of investments in public or private real estate investment trusts (“REITs”). For additional information regarding the fee arrangements related to sub-advisory relationships, please see Item 5 above.

### ***Other Related Procedures and Conflicts***

Valuation of Portfolio Holdings. Sculptor’s Compliance Manual includes a valuation policy and procedure document (“Valuation Policy”) that was established to help ensure that all of the assets held by Clients reflect fair values. The Valuation Policy describes the Firm’s valuation and pricing guidelines and addresses specific pricing methodologies and hierarchies across a broad range of investment types.

Various conflicts of interest arise in connection with the valuation of Client assets. Specifically, higher valuations of Client assets sometimes result in increased incentive and management fees, and in some cases, increased compensation for personnel. Investment advisers also have an incentive to inflate valuations to report better performance, which may preserve or enhance the investment adviser’s reputation and allow it to secure more investments in its funds. Conflicts of interest are heightened in the case of assets that do not have readily ascertainable market values.

The Firm seeks to mitigate conflicts of interest through, among other things, controls set forth in the Valuation Policy.

The Valuation Policy generally provides that investments are valued as follows: Securities that are traded on an exchange will generally be priced at the closing price on the principal exchange. Investments that are not traded on an exchange will generally be priced using third party prices such as independent pricing services and broker quotes. Certain investments, such as Special Investments (as defined in Item 8 herein), other investments held in side pockets, and certain other private investments are valued monthly and/or quarterly and sent to an independent third party for verification on from time to time as needed. Such independent third parties provide positive assurance of the value or point estimates ascribed to each such investment.

Sculptor has engaged State Street (Cayman) Cayman Trust, Limited (“State Street”) to perform certain trade support, accounting and other services to certain Funds, including, without limitation, (a) fund and investor level NAV calculation based upon third-party pricing sources; (b) cash and position reconciliations; (c) independent management fee and incentive allocation or incentive compensation calculation; and (d) financial reporting services. Internal valuation policies and procedures are also subject to review by Sculptor’s external independent auditor, Ernst & Young LLP. Sculptor uses price verification services, including IDC, LPC, JPM PricingDirect®, SuperDerivatives, BAML PriceServe, Duff & Phelps, Markit™ and Bloomberg.

## **Item 9 – Disciplinary Information<sup>1</sup>**

Form ADV Part 2 requires investment advisers to disclose legal or disciplinary events involving the Firm or its partners, officers, or principals that are material to your evaluation of the Firm’s advisory business or the integrity of its management.

On December 13, 2016, the HCMC, the financial services regulator in Greece, published a press release stating that it had reached a decision that certain Funds, including for which Och-Ziff Management Europe Limited serves as the investment manager (the “Europe Funds”), violated EU short selling regulations in connection with one transaction in 2014. The HCMC subsequently imposed financial penalties of €324,000 in the aggregate. The Firm notified the HCMC of its decision on behalf of the Europe Funds not to appeal the fine and in return expects to pay a total fine of €260,000 due to a 20% settlement discount. The Firm’s Clients will not bear any cost associated with the fine levied by the HCMC in connection with this matter.

The DOJ, the U.S. Attorney’s Office for the Eastern District of New York (together with the DOJ, the “Offices”) and the SEC brought certain proceedings against Och-Ziff Capital Management Group LLC, the Adviser and others in connection with payments to government officials to obtain investments by a foreign sovereign wealth fund in certain hedge funds managed by the Adviser or its affiliates in 2007 and similar payments relating to private investments in Africa between 2007 and 2011 by private equity funds and investment vehicles managed by the Adviser or its affiliates.

---

<sup>1</sup> The legal entity names utilized throughout Item 9 reflect the legal entity names as of the dates of the respective matters being discussed and do not reflect legal entity names effective September 12, 2019. However, the legal name of OZ Africa Management GP, LLC remains unchanged.

The individuals directly responsible for making these payments are no longer employed by the Adviser.

In connection with these matters, on September 29, 2016, OZ Africa Management GP, LLC (“OZ Africa”), a subsidiary of Oz Management LP, agreed to plead guilty in the United States District Court for the Eastern District of New York (the “Court”) to one criminal count, a felony consisting of conspiracy to violate the anti-bribery provisions of the Foreign Corrupt Practices Act (the “FCPA”). In the proceeding against OZ Africa, certain former shareholders of a Canadian mining company (the “Claimants”) filed a letter with the court stating they plan to seek restitution at the sentencing hearing for OZ Africa. On August 29, 2019, the U.S. District Court for the Eastern District of New York unsealed a Memorandum & Order in which it found that the claimants qualify as “victims” under the Mandatory Victims Restitution Act and directed the parties to submit supplemental briefing regarding the calculation of restitution, how to apportion the amount among OZ Africa Management GP, LLC and others, and whether the effort to arrive at a restitution amount is overly complex such that restitution should not be awarded.

In connection with a Deferred Prosecution Agreement (the “DPA”) with the Offices relating to the same events, Och-Ziff Capital Management Group LLC was charged with four criminal counts, comprising two felonies consisting of conspiracy to violate the anti-bribery provisions of the FCPA and two felonies consisting of one violation of the books and records provisions of the FCPA and one violation of the internal controls provision of the FCPA. Under the DPA, the Offices agreed to defer prosecution of the criminal charges against Och-Ziff Capital Management Group LLC pending the completion of certain obligations undertaken by Och-Ziff Capital Management Group LLC pursuant to the DPA, including (i) payment of a penalty of \$213,055,689; (ii) retention of a compliance monitor for three years (subject to early termination or extension); and (iii) continued cooperation with governmental investigations. Pursuant to the initial terms of the DPA, six months after completion of those obligations and expiration of the DPA, the Offices would seek dismissal of the charges with prejudice.

Subsequently, on January 23, 2020, Och-Ziff Capital Management Group LLC entered into an amendment (the “Amendment”) to its DPA that extends the term of the DPA until 61 days after the entry of a final judgment by the Court. The Amendment makes no other material changes to the DPA. The extension is based solely on the voluntary agreement of the parties and is not premised on any non-compliance. Nonetheless, because of the outstanding restitution claim against OZ Africa, sentencing in the OZ Africa matter had not occurred and, based on the current schedule, was not completed before the scheduled conclusion of the DPA. Because the DPA contemplated that the sentencing in the OZ Africa matter would occur before the DPA’s expiration, the parties executed an agreement to extend the expiration date of the DPA. The Amendment did not and does not contemplate any additional term for the independent compliance monitor, who certified that SCU’s compliance program was functioning effectively on January 30, 2020.

In connection with the same events, the SEC entered a cease-and-desist order by consent against the Adviser, Och-Ziff Capital Management Group LLC, and Daniel S. Och (“Och”) and Joel M. Frank (“Frank”), Och-Ziff Capital Management Group LLC’s then-Chief Executive Officer and then-Chief Financial Officer, respectively, without either of the individual respondents’ admitting or denying the findings in the order. The order finds that (i) Och-Ziff Capital Management Group LLC violated Sections 13(b)(2)(A), 13(b)(2)(B) and 30A of the Exchange Act, and (ii) the Adviser



violated Sections 206(1), 206(2) and 206(4) and Rule 206(4)-8 of the Advisers Act. In addition, the order states that Frank was a cause of violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act and that Och was a cause of violations of Section 13(b)(2)(A) of the Exchange Act. The order censured Och-Ziff Capital Management Group LLC and the Adviser pursuant to Section 21C of the Exchange Act and Sections 203(e) and (k) of the Advisers Act and requires (1) Och-Ziff Capital Management Group LLC to cease and desist from committing or causing violations of Sections 13(b)(2)(A), 13(b)(2)(B) and 30A of the Exchange Act, (2) the Adviser to cease and desist from committing or causing violations of Sections 206(1), 206(2) and 206(4) and Rule 206(4)-8 of the Advisers Act, (3) Frank to cease and desist from committing or causing violations of Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act, and (4) Och to cease and desist from committing or causing violations of Section 13(b)(2)(A) of the Exchange Act. In addition, the order requires Och-Ziff Capital Management Group LLC and the Adviser to pay disgorgement of \$173,186,178 and prejudgment interest of \$25,858,989 and requires Och to pay disgorgement of \$1,900,000 and prejudgment interest of \$273,718. A one-time \$173,186,178 penalty was deemed satisfied based upon Och-Ziff Capital Management Group LLC's payment of the penalty in the amount of \$213,055,689 pursuant to the DPA, as described above. The amount of civil penalties, if any, imposed against Mr. Frank will be determined in future related SEC proceedings.

Under the settlement, Och-Ziff Capital Management Group LLC and the Adviser undertook to implement enhanced internal accounting controls and policies, to separate the chief compliance officer from other officer positions and to engage an independent compliance monitor for three years, subject to early termination or extension. Och-Ziff Capital Management Group LLC, the Adviser, Och and Frank undertook to cooperate in future related SEC proceedings.

On September 7, 2016, a panel of the CME Business Conduct Committee found that, on June 23, 2014, the Adviser violated CME Rule 538.A by executing an exchange for related position ("EFRP") transaction in which the related position transaction was established and offset but the related position transaction was not exposed to market risk, resulting in a transitory EFRP. An offer of settlement was approved by a panel of the CME Business Conduct Committee on September 7, 2016, in which the Adviser neither admitted nor denied the rule violation on which the penalty was based. The CME settlement required the Adviser to pay a fine of \$15,000.

On July 14, 2015, in settlement of an administrative proceeding, the SEC entered a cease-and-desist order against the Adviser. The SEC found that the Adviser caused several of its prime brokers to violate their legal obligations to maintain accurate books and records in accordance with Section 17(a) of the Exchange Act and rules thereunder. The Adviser sent, between January 2008 and December 2013, trade files that identified trades based not on the relevant fund's overall net position in the security, but rather on the net position of the fund in such security with the relevant prime broker. The SEC also found that, in March 2011, the Adviser violated Rule 105 of Regulation M of the Exchange Act, as a result of a compliance associate's miscalculation of the Rule 105 restricted period, by purchasing shares in a public offering after it had sold shares of the same type short during the Rule 105 restricted period. The SEC order required the Adviser, to pay a civil penalty of \$4.25 million, disgorgement of \$214,380 and prejudgment interest of \$29,047. In addition, the SEC ordered the Adviser to cease and desist from causing any future violations of Section 17(a) of the Exchange Act and Rules 17a-3(a)(3) and 17a-25 thereunder and from committing or causing any violations or future violations of Rule 105 of Regulation M of the Exchange Act.

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

The Adviser and its affiliates serve as the investment manager, investment advisor and/or general partner for multiple Clients and entities, globally. As such, the Adviser has a number of material global relationships, which are summarized below.

- Sculptor Capital II LP, a Relying Adviser and a wholly owned subsidiary of the Adviser, serves as the investment manager to certain Funds and managed accounts.
- Sculptor Real Estate Advisors LP, a Relying Adviser and a wholly owned subsidiary of the Adviser, serves as the investment manager to certain real estate Funds and managed accounts.
- Sculptor CLO Management LLC, a Relying Adviser and a wholly owned subsidiary of the Adviser, generally serves as investment manager to certain Affiliated CLOs and performing credit funds.
- Sculptor Loan Management LP, a Relying Adviser and a wholly owned subsidiary of the Adviser, generally serves as investment manager to certain Affiliated CLOs and an Affiliated CBO.
- Sculptor Management Europe Limited, an entity regulated by the FCA, is a Relying Adviser and a wholly owned subsidiary of the Adviser.
- Sculptor Capital Management Hong Kong Limited, an entity regulated by the SFC, is a Relying Adviser and a wholly owned subsidiary of the Adviser.
- Sculptor Management India Private Limited is a Relying Adviser and provides research services to the Adviser and to Sculptor Capital Management Hong Kong Limited.
- Sculptor (Shanghai) Overseas Investment Fund Management Co., Ltd. is a Relying Adviser and a wholly owned subsidiary of the Adviser that acts as general partner and/or investment adviser to Funds in Asia.
- Sculptor Europe Loan Management Limited, an entity regulated by the FCA, is a Relying Adviser and a wholly owned subsidiary of the Adviser, generally serves as investment manager to certain Affiliated CLOs.
- Sculptor Capital Advisors LP, an affiliate of the Adviser, generally serves as the direct or indirect general partner of the Funds organized in the United States.
- Sculptor Capital Advisors II LP, an affiliate of the Adviser, generally serves as the direct or indirect general partner of the Funds organized outside of the United States.
- Sculptor Aviation 2018, LLC, an affiliate of the Adviser, serves as the asset manager to STARR 2018-1, an aircraft securitization.

- Sculptor Aviation 2019-1, LLC, an affiliate of the Adviser, serves as the asset manager to STARR 2019-1, an aircraft securitization.
- Sculptor Aviation 2019-2, LLC, an affiliate of the Adviser, serves as the asset manager to STARR 2019-2, an aircraft securitization.

### ***Related Conflicts***

Fees Payable to Service Providers Which are Our Affiliates. Clients' portfolio investments may pay fees to our affiliates in connection with the operation of a business related to a portfolio investment (e.g., fees to operate or develop a business which are distinct from fees paid in connection with investment advisory services provided by us to the Client). These fees may include, for example, fees paid to consulting companies, real estate development companies, or other operating businesses in which Sculptor has an interest. These fees will not be incurred for investment management services, but rather they relate to the day-to-day operations of portfolio investments.

Sculptor seeks to ensure that the economic terms of any arrangement with affiliates will be consistent with the terms that can be obtained in arm's-length, commercial negotiations with third parties for similar services, as determined in its sole discretion. Fees paid to affiliates that relate to the day-to-day operation of portfolio investments will not reduce or offset any fees Sculptor receives. Sculptor has a conflict of interest in selecting (or influencing a portfolio investment to select) affiliates to provide these types of services. In order to address this conflict, whenever a situation arises where Sculptor (or a portfolio investment) seeks to hire an affiliate to provide these types of services, Sculptor generally brings the matter before the internal Conflicts Committee (discussed in greater detail in Item 11 below) to review and approve the hiring.

Publicly Held Company. As noted above, SCU, the Firm's indirect parent company, is a publicly traded company listed on the New York Stock Exchange. SCU has significant economic and business interests and objectives that are different than or conflict with those of Clients. Accordingly, the interests of shareholders of SCU may not be aligned with the interests of Fund investors or other Clients. In situations where these interests are not aligned, the Firm faces a conflict of interest when it acts or fails to act. In this regard, SCU has direct relationships with Client counterparties—certain counterparties provide underwriting, consulting, administration and financing services to SCU. In particular, a financial services firm which provides a significant amount of services to Clients (such as prime brokerage, custodial and other services) has underwritten an offering of senior notes by SCU and has been a source of liquidity for SCU through a revolving credit facility. The terms of these transactions are disclosed in SCU's public disclosure documents which are available at [www.sec.gov](http://www.sec.gov). Moreover, certain Client counterparties have in the past, and may in the future, underwrite and analyze SCU's Class A shares.

In addition, third party service providers and counterparties that provide services to, or engage in transactions with, SCU or its subsidiaries also provide services to, or engage in transactions with, Clients. These service providers and counterparties also provide services to, or engage in transactions with, the Firm's partners and principals. The Firm has a conflict of interest in selecting these service providers and counterparties on behalf of Clients because the Firm may favor service providers and counterparties that provide service to SCU or its principals or subsidiaries for

attractive fees or other terms of service. In order to address these conflicts, in certain situations, Sculptor may bring matters like these before its internal Conflicts Committee for review and approval. Refer to “Other Related Conflicts and Practices” of Item 11 below for more detailed information on the Conflicts Committee.

SCU underwent a recapitalization of its business in February 2019. As part of the recapitalization, a portion of the equity held by our active and former executive managing directors were reallocated to existing members of senior management. In addition, SCU restructured the previously outstanding senior debt and Preferred Units. Additional information about the recapitalization is detailed in SCU’s Form 10-K annual report filed with the SEC on March 15, 2019, which is publicly available at <https://www.sec.gov>.

Directors and Employees of Portfolio Companies. Employees of Sculptor and one or more of its affiliates may serve as directors of portfolio companies in which Clients have made an investment. Accordingly, such employees may have a conflict if their fiduciary duty to the portfolio company may conflict with their fiduciary duty to the Fund. In such circumstances, any such employee will act in accordance with his or her fiduciary duty to the portfolio company rather than any fiduciary duty such person may have to the Fund. In addition, certain directors or employees of portfolio companies may (i) be co-investors with Clients, (ii) have affiliations with third parties who provide professional or other services to Clients or Fund portfolio companies, or (iii) have other business relationships or affiliations with Sculptor and its affiliates.

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

Code of Ethics. In order to assist the Firm in meeting its obligations as a fiduciary, the Firm has adopted a Code of Ethics (the “Code”), which recognizes that the Firm and its employees (which for purposes of this section includes certain consultants, advisors and temporary employees and others) must place the interests of Clients first at all times. Information concerning the identity of securities and financial circumstances of Clients (and Fund investors, as applicable) must be kept confidential (except in furtherance of Client investment objectives and goals). The Code specifies that certain types of personal securities transactions are prohibited for all covered persons and that Employees must comply with applicable federal securities laws and must not take inappropriate advantage of their positions. All personal securities transactions that are permitted must be conducted in a manner consistent with the Code, with a view towards avoiding actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility. Indeed, Employees must determine whether any conduct creates a conflict of interest or the appearance of a conflict of interest and report this conduct to the Firm. Clients, prospective Clients, Fund investors, and prospective Fund investors may obtain access to the Code for review purposes by contacting the Firm.

Personal Trading. The Code places restrictions on trades in an employee’s personal accounts. Pursuant to the Code, the term “personal account” means any securities account in which an employee has any direct or indirect “beneficial ownership,” and includes any personal account of an employee's immediate family member either living in the employee's household or financially dependent on the employee (immediate family member is defined as any child, stepchild,

grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, person in an adoptive relationship, or domestic partner). With limited exceptions, employees are prohibited from entering into new or augmented positions in certain securities, including common stocks; bonds or debt instruments of public companies; options, futures and derivatives; and interests in third party hedge funds and REITS. Employees are required to disclose their personal securities holdings and transactions to the Firm on a periodic basis. The Compliance department monitors employees' personal securities holdings and transaction activity. Employees are also required to seek pre-approval for personal securities transactions in certain security types that are not otherwise prohibited.

Subject to the Code, the Firm and its partners, principals, employees, and other affiliates may engage in limited investment activities for personal accounts, which may involve the sale or purchase of securities that are similar to or the same as, but in different concentrations or effected at different times and prices than those purchased or sold for Clients. However, since entering into new or augmented positions of most publicly traded equity and debt securities (and options, futures and derivatives thereon) is generally prohibited under the Code, the aforementioned activities would generally only occur when there is a sale of a security that was either entered into prior to an employee's start date or previously pre-approved by Compliance prior to the date when the policy that effected the prohibition was implemented. In addition, they may also involve the purchase and sale of securities that are different from those purchased or sold for Clients. The Firm's partners, principals, employees, and other affiliates may engage in limited investment activities, which may from time to time involve passive investments in companies or funds that may have dealings with the Firm. Accordingly, the Firm's personal investment and reporting policies, which requires pre-approval from the Firm's Compliance Department on any personal investments, seek to address any potential or actual conflicts of interest relating to personal private investments.

Service on Boards of Directors and Other Outside Activities. An employee's service on the board of directors of an outside company, as well as other outside activities generally, could lead to the potential for conflicts of interest, and may otherwise interfere with an employee's duties to the Firm and its clients. Accordingly, employees are prohibited from serving on the boards of directors of any public or private outside company, unless the service: (1) would be in the best interests of the Firm and its Clients; and (2) relates to an outside company that is a portfolio holding and the employee is the senior investment professional (or such other person as is approved by the Chief Compliance Officer or his designee) responsible for the investment. In addition, employees are prohibited from serving on the boards of directors of any non-profit organization, unless the service has been approved by the Chief Compliance Officer or his designee. Any employee serving on the board of an outside company or non-profit organization may be required to resign at any time if the Firm determines that the employee's continued service on the board may no longer be in the best interests of the Firm or its Clients.

Gifts and Entertainment; Political Contributions; Charitable Giving. Brokers, counterparties, service providers and other third parties with whom the Firm does business occasionally provide gifts and entertainment to Firm partners, principals, and employees. The Firm may provide gifts and entertainment to these third parties. The Firm and its affiliates may enter into business transactions and relationships on behalf of a Client with these third parties. Accepting gifts or entertainment from brokers, counterparties, service providers and other third parties and other

persons or entities with whom the Firm does business may create actual or perceived conflicts of interest. To address these, the Firm has adopted policies and procedures to limit the value of gifts and monitor the appropriateness of entertainment received. The Firm also has policies and procedures in place to help monitor, and in certain cases prohibit, the political contributions that its partners, principals, and employees make to public officials and candidates for elected office. The Firm takes pride in giving back to the community and has policies and procedures in place to ensure that charitable donations are made in accordance with applicable laws.

### ***Other Related Conflicts and Practices***

From time to time, various potential and actual conflicts of interest arise from the overall advisory, investment and other activities of the Adviser, its affiliates and personnel. The following briefly summarizes some of these conflicts but is not intended to be an exhaustive list of all such conflicts. Clients and Fund investors are advised to review the applicable Client offering and/or governing documents for a more extensive description of the potential conflicts of interest applicable to each Client.

Conflicts Committee. As noted above, from time to time, issues that raise potential conflicts of interest are brought before an internal Conflicts Committee for consideration. The Conflicts Committee is composed of senior executives of the Firm, including the Chief Compliance Officer, Chief Financial Officer, Chief Legal Officer, as well as the Firm's President and Chief Operating Officer. The Conflicts Committee is responsible for reviewing conflicts and potential conflicts among the Firm, its Clients, Clients of Firm affiliates, the Firm's employees and/or the public shareholders of SCU. Conflicts Committee meetings may involve participation by outside parties or employees, including, but not limited to, members of the Firm's research, portfolio management, accounting, legal or compliance. However, only members of the Conflicts Committee are permitted to vote on any actions put before the Conflicts Committee.

Affiliated Investors. The Funds typically impose minimum holding periods during which interest holders may not withdraw from the Funds in which they have invested. To the extent that Firm partners, principals, employees and their respective family members (and those of Firm affiliates) also own interests in Funds, they will generally be permitted to withdraw from the Funds at more frequent intervals than other investors. If a Fund is required to liquidate holdings to satisfy these withdrawal requests, additional costs and expenses will be incurred and will be borne primarily by the remaining investors in the Fund.

As noted above, Firm partners, principals, employees and those of Firm affiliates invest in the Funds—in fact, many investors insist upon such personal investments in a Fund before committing their own capital. The amount of proprietary investment by Firm partners, principals, employees and other affiliates differs from Fund to Fund, with the highest percentage of aggregate proprietary versus non-proprietary investments tending to occur in the early, ramp-up phase of a Fund. To the extent that third-party investments in Funds are limited, a substantial level of proprietary ownership may continue for an indefinite period. Because the Firm's allocation policies are designed to facilitate new Client accounts reaching a fully invested posture quickly, the Firm may make greater allocations of investment opportunities (including limited investment opportunities) to new Funds, even if such Funds are predominantly comprised of affiliated capital. In making these allocations, the Firm will face a potential conflict of interest with other Clients for whom the

same investments would be appropriate, because the over-allocation to the new Fund in a ramp-up phase could be seen as favorably allocating investment opportunities to the proprietary accounts of Firm partners, principals, and employees, or those of Firm affiliates, to the extent they comprise a substantial portion of the investor base of such new Fund. In addition, certain Funds in which Firm partners, principals and employees invest may focus on a specific investment strategy, sector or geographic region. Under Firm allocation policies, these types of Funds receive increased allocations of opportunities within their specific focus, which generally continues for the life of the Fund. Please also see Item 12 below for additional information regarding the Firm's allocation policies.

Conflicting Interests of Investments. As described in this Brochure, the Firm employs a wide range of investment strategies for Clients. In specific instances, these strategies result in buying and selling different securities and instruments within an issuer's capital structure (as described in Item 8) for different Clients. In pursuing these investment strategies for Clients, an instrument may be acquired for Clients that is senior on the capital structure of an issuer relative to an instrument acquired for Clients that is more junior on the capital structure, or even common stock (that is clearly junior to a senior or secured creditor). These investment decisions can be made by the same team of investment professionals for the same or different Clients depending upon the investment strategy employed. Under normal circumstances, investments in instruments that have different rankings of seniority in an issuer's capital structure do not raise conflicts of interest. However, in other circumstances, such as when an issuer defaults on its debt or seeks protection from creditors in bankruptcy or reorganizations, as is often the case with the investments the Firm makes in distressed issuers, a conflict of interest can arise in that the action taken to protect the interest of one set of holders (such as senior bank debt holders or preferred stockholders) may be at the potential detriment of other holders of the same issuer's securities or instruments (such as unsecured debt holders or common stock holders). When Clients of the Adviser and its affiliated entities own securities and instruments of the same issuer in different ranks of seniority, action taken for the benefit of one set of Clients may favor that set of Clients at the expense of another.

Additionally, certain investments made by one Client or group of Clients may indirectly benefit positions held by another Client. For example, one Client may hold a position in the public or private equity of an issuer and another Client may participate in a syndicated loan offering, the proceeds of which are applied to finance a third party's acquisition of all or a portion of the issuer's outstanding equity (including any portion owned by other Clients). Further, in certain instances, proceeds of an investment in an issuer made by one Client or group of Clients may be applied by the issuer (or an affiliate thereof) to make interest payments or distributions in respect of securities held by another Client. For example, a Client may participate in an offering of securities by a subsidiary or affiliate of an issuer in which another Client holds a position. The proceeds of the offering, or a portion thereof, may be distributed directly or indirectly to the parent company (or other affiliate) in which another Client owns a position and the parent company (or other affiliate) may use these proceeds to make payments or distributions to its debt and/or equity investors, including other Clients. For the avoidance of doubt, any Client referred to herein may include Clients with substantial investments by partners, principals, employees and other affiliates.

The Firm seeks to mitigate these risks in a number of ways. To the extent that one Client might invest in an instrument at a more senior level in the capital structure than another Client or one Client's investment indirectly benefits another Client, the investment decisions related to such

investments are made on independent grounds based on the economics and investment objectives of each investing Client. In addition, while there may be opportunities for the Firm, a particular affiliate or team to participate in discussions of an issuer's financial issues (such as participating on a creditors' committee) with the intention of influencing the outcome, neither Sculptor nor any of its affiliates or teams singularly controls decisions ultimately made by or concerning that issuer. Clients should expect that in employing the various strategies for Clients with differing investment objectives, the Firm will make investment decisions that result in some Clients owning senior positions and other Clients owning junior positions or certain investments of some Clients impacting positions of other Clients indirectly. In the event that an actual conflict should arise, the investment professionals involved will bring the matter to the Conflicts Committee to determine appropriate action to take on behalf of the various Clients involved.

Side Letters. The Firm and its affiliates enter into agreements with prospective investors that allow for different terms of investment in a Fund than the terms applicable to other Fund investors ("Side Letters"). As a result of Side Letters, certain Fund investors receive additional benefits that other investors in the same Fund will not receive, such as economic arrangements, co-investment opportunities, and opting out of particular investments or capital calls, among others. In general, the Firm will not notify Fund investors when it enters into these agreements. In addition, investors may review versions of any Side Letter agreements the Firm (with personally identifiable information redacted) has entered into with respect to their Fund at the Firm's offices.

Disclosure of Portfolio and Other Information. The Firm sometimes provides portfolio holdings information to entities or third-party service providers that have been retained by Fund investors to evaluate portfolio risk, facilitate the filing of class action claims, or for various other purposes. The Firm provides this information in its sole discretion and reserves the right to cease providing information at any time. The Firm makes reasonable efforts to preserve the confidentiality of the information it provides, such as by entering into non-disclosure agreements, but the Firm cannot ensure that the entities to which it provides information will fulfill their confidentiality obligations. In the course of conducting due diligence, Fund investors periodically request information pertaining to their investments, and pertaining to the Firm and its affiliates. The Firm may respond to these requests and may provide information that is not generally made available to other Fund investors. When the Firm provides this information, it will do so without an obligation to inform other Fund investors or to update any such information provided.

Timing and Realization of Investments. In accordance with a change in U.S. tax laws, there could be an incentive for Sculptor to cause certain Clients to hold investments for longer than three years in order for the General Partner to receive "long-term capital gain" tax rates with respect to its Incentive Allocation, although other U.S.-taxable investors can achieve long-term capital gain tax rates on investments held for longer than one year, and the holding period does not generally have relevance for the tax treatment of investors who are not subject to U.S. income taxation. This dichotomy creates a potential conflict between the interests of the General Partner and the interests of other indirect investors in certain Funds.



## Item 12 – Brokerage Practices

### *General Brokerage Practices*

The Firm allocates portfolio transactions for Client accounts to broker-dealers on the basis of the best execution the Firm believes is available—i.e., execution in a manner that the Client receives the most favorable execution services under the circumstances (which may not be the lowest cost option available). For portfolio transactions executed in the New York office, the Firm considers a variety of factors regarding broker-dealers in seeking best execution, including but not limited to:

- Quality of execution
- Financial strength and stability
- Willingness and ability to execute difficult transactions
- Access to underwritten offerings and secondary markets
- Overall cost of trade (including commissions, mark-ups, mark-downs, spreads, and other costs)
- Desired timing of the transaction
- Confidentiality of trading activity
- Idea generation
- Deal sourcing
- Provision of financing and similar services
- Provision of research or brokerage services
- Reputation
- Block trading and block positioning capabilities
- Willingness and ability to commit capital (i.e., loss ratios)
- Ongoing reliability
- Nature of the security and available market makers
- Desired size of the trade
- Market intelligence
- Availability of stocks to borrow
- Quality and timeliness of market information provided
- Ability to provide competitive term financing across a variety of asset classes

Certain affiliated offices are prohibited by applicable regulatory authority from taking certain of the above referenced factors into account prior to executing portfolio transactions.

Clients should expect that their securities transactions will generate a substantial amount of brokerage commissions and other costs, all of which are borne by the Client, and not the Firm. Unless the Firm receives instructions from an SMA client to use or refrain from using a specific broker-dealer, the Firm generally has complete discretion to decide what broker-dealers or other counterparties to use executing transactions for Clients. The Firm negotiates the rates of compensation that Clients pay. Some broker-dealers and other counterparties the Firm selects have (or are affiliates of entities that have) other material business relationships with the Firm or its affiliates, or with the Firm's principals. In addition, certain Clients may not have clearing, custodial or financing arrangements (including ISDA agreements, repurchase agreements, securities lending agreements, futures agreements or give up/clearing agreements) with all counterparties that have relationships with other Clients. While the Firm attempts to negotiate similar arrangements on behalf of all Clients, there can be no assurance that these arrangements will be uniform across all Clients, that the Firm will be able to establish uniform arrangements in a timely manner or that

such arrangements will be established at all. Accordingly, certain Clients may be subject to higher clearing, custodial and financing expenses.

In addition to using brokers as “agents” and paying resulting commissions, the Firm sometimes causes Client accounts to buy or sell securities directly from or to dealers acting as principals at prices that include mark-ups or mark-downs, and may also cause Client accounts to buy securities from underwriters or dealers in public offerings at prices that include compensation to the underwriters and dealers.

With respect to transactions in derivatives (i.e., swaps, forwards, options and futures (and options thereon)), the Firm executes such transactions through regulated or exempt swap dealers, non-swap dealers or futures commission merchants. From time to time, the Firm may use the services of introducing brokers.

### ***Research and Other Soft Dollar Benefits***

General Information. The Firm uses brokerage commissions generated from Client transactions (“Soft Dollars”) to obtain research and other products or services other than execution (“Soft Dollar Benefits”). Soft Dollar Benefits may be proprietary (i.e., created or developed and provided directly by a broker-dealer) or from a third-party (i.e., created or developed by a third-party but provided by a broker-dealer). Sculptor intends that all Soft Dollar Benefits will qualify for the safe harbor in Section 28(e) of the Securities Exchange Act of 1934, as amended.

To obtain Soft Dollar Benefits, the Firm may cause Clients to pay brokerage commission rates higher than those charged by other broker-dealers. The Firm does not seek to allocate Soft Dollar Benefits to each Client in proportion to the amount of commissions that each Client has paid or credits that each Client has generated. In addition, not every Client will receive Soft Dollar Benefits on every transaction. As a result, Clients that do not receive Soft Dollar Benefits may effectively pay the same or higher commission rates as those that do.

Broker-dealers sometimes suggest the level of commissions they would like to receive in return for the various services they provide. While the Firm may budget for these, there is no obligation to meet such levels.

The Firm receives a benefit from the use of any Soft Dollars in that it does not have to pay for such Soft Dollar Benefits itself. The Firm, therefore, has a conflict of interest to select broker-dealers based on this benefit, rather than selecting broker-dealers based on Clients’ interests in receiving the most favorable cost of execution.

Soft Dollar Benefits. The Firm may obtain Soft Dollar Benefits, including but not limited to: (1) research reports on companies, industries and securities; (2) economic and financial data; (3) narrowly marketed and specialized financial publications; (4) quantitative analytical software; and (5) market data-related feeds, software and services. The Firm’s Compliance Department reviews and approves all Soft Dollar arrangements, including Soft Dollar Benefits and providers of Soft Dollar Benefits.

The Firm may utilize any Soft Dollars generated to purchase mixed-use products or services (e.g., a product or service of which a portion is both eligible and non-eligible under Section 28(e)). The Compliance Department will make a good faith determination as to the cost of the Soft Dollar eligible portion of the mixed-use product or service and pay only that amount with Soft Dollars. The use of Soft Dollars in non-U.S. jurisdictions may be subject to varying and sometimes more rigorous local regulation, and the Firm has policies and procedures to ensure compliance with these rules. To the extent that certain services, such as research, may not be provided by broker-dealers under Soft Dollar arrangements, such services will be charged as direct expenses to the applicable Client.

In certain non-U.S. jurisdictions, the Adviser may establish and operate in parallel with any Soft Dollar arrangements one or more “Research Payment Account(s)” to facilitate compliance with applicable regulatory requirements. Each such Research Payment Account will be used to pay for investment research provided by brokers or other research providers identified by the Adviser. The Research Payment Account will be funded by a direct research charge to the applicable Client which will not be linked to the value or volume of transactions executed on behalf of such Client. The research charge will be collected separately from (or alongside) dealing commissions charged by a broker and will be based on a pre-determined budget for research payments which will be set, and regularly reviewed, by the Adviser. To the extent the Adviser funds the Research Payment Account with required amounts to pay for third-party investment research, the applicable Client will reimburse the Adviser for such expenses and such reimbursement amounts will be used to fund one or more Research Payment Accounts.

### ***Brokerage for Client Referrals***

Please refer to Item 14 below regarding brokerage practices with respect to capital introduction events sponsored by broker-dealers.

### ***Directed Brokerage***

The Firm may permit any SMA clients to select their own counterparties and direct executions through a specified broker-dealer or broker-dealers. However, if and when acting pursuant to these instructions, the Firm may be unable to achieve most favorable execution, which can result in additional costs and expenses for the Client. For example, such SMAs may pay higher brokerage commissions and may receive a less favorable price when buying or selling if they cannot participate in an aggregated trade along with other Client orders executed through broker-dealers that the Firm has selected. The Firm does not currently have any SMAs or directed brokerage arrangements.

### ***Trade Aggregation***

When buying and selling securities for Clients, the Firm generally aggregates multiple transactions into one order so that as many eligible Clients as possible may participate on a fair and equitable basis over time at the best available terms under the circumstances. The Firm also may aggregate orders for Clients together with orders for other Clients (including Clients with substantial investments by partners, principals, employees and other affiliates) advised by it or its affiliates. The Firm will only aggregate orders if that aggregation is consistent with (i) the Firm’s duty to

Clients to seek to obtain best execution and (ii) the investment guidelines and restrictions of each Client for which trades are aggregated.

Although certain Clients may be excluded from a given aggregated order, no Client is favored over any other on an overall, long-term basis. Generally, orders are not aggregated across multiple investment strategies; as a result, the price at which an order may be executed for one strategy may be higher or lower than another order in the same security for a different strategy on the same day. Each Client that participates in an aggregated order participates at the average price for all transactions with respect to that aggregated order in that security on a given business day, except as noted below. Typically, transaction costs are shared *pro rata* based on each Client's participation in the transaction. In certain transactions, prices may differ as a result of differences in fees, taxes and transaction charges that are assessed on each participating Client and vary depending upon a number of factors including, but not limited to, the domicile of the Client, the size of participating Client accounts, amounts allocated or whether some or all of the transaction was effected via a derivative instrument. The Firm does not earn any additional compensation as a result of aggregating orders.

When the Firm aggregates orders in specific securities (including Limited Opportunities (as defined below) and Special Investments (as defined in Item 8 above)), the Firm considers the appropriateness of the investment for each Client based on its investment strategies and objectives, as well as other factors (collectively, the "Allocation Factors") such as:

- Whether a Client has a sector or geographic regional focus
- Individual Client relationships and counterparties
- Degree of leverage employed
- Timing of capital contributions and withdrawals
- Tolerance for volatility/risk
- Domicile of the Client
- Desired portfolio and/or strategy diversification
- Desired hedge ratio
- Client-specific limitations or requirements
- Availability of credit facilities (and their terms)
- Tax or regulatory considerations
- Investment capacity
- Liquidity needs of the Client
- Investment or ramp-up phase of one or more Client(s)
- Other relevant factors

### ***Allocation of Aggregated Orders and Other Investment Opportunities***

The Firm considers a number of factors when allocating aggregated orders and other investment opportunities to Client accounts, including the Allocation Factors above. For example, when a Client is in its investment or ramp-up phase (i.e., when it has, relative to its portfolio, a significant amount of capital (whether drawn or undrawn) or available leverage that has not been deployed or if it has a fixed investment period) is seeking to rebalance its portfolio or has received a capital infusion or withdrawal request, preference may be given to that Client (including Clients with substantial investments by partners, principals, employees and other affiliates, which, to the extent such Client does not receive capital from third parties, may persist for an indefinite period of time),

so that it reaches its desired position in a timely manner. Clients may also employ different securities or different amounts of the same securities as a hedge depending upon availability of securities, timing of investments, risk tolerances and other factors the Firm considers relevant. The Firm may weight these factors and other factors deemed relevant differently for each Client and, therefore Client portfolios may hold differing proportional amounts of investments. In this regard, Clients may not participate in each aggregated transaction on a *pro rata* basis if the Firm determines that to do so would not be in the best interests of each participating Client. The Firm strives to provide all Clients with meaningful investment allocations over time, although each and every Client will not receive an allocation of each and every profitable investment.

Investment Strategies. When allocating investment opportunities (including Limited Opportunities and Special Investments), the Firm believes that fairness requires consideration of the specific investment programs employed for Clients. Specifically, certain Clients invest on a global, multi-strategy basis while others focus on specific strategies or geographic regions. As discussed below, the Firm seeks to classify investment opportunities based on which combination of investment strategy (or sub-strategy) and geographic region (each such combination, a “Regional Investment Strategy”) the opportunity falls. The Firm then seeks to allocate such opportunity primarily to the Clients that participate in such Regional Investment Strategy.

Client Allocation Ratios. Generally, when determining allocations of aggregated orders and investment opportunities, the Firm establishes for each Regional Investment Strategy a ratio for each participating Client, without reference to any specific investment opportunity, that reflects the portion of a given investment opportunity in such strategy that it will be allocated, subject to further modification in accordance with procedures. Determination of each Client’s ratio is based on the Allocation Factors listed above, as well as any other factors that the portfolio managers believe are consistent with the fair and equitable treatment of all Clients over time.

In this regard, the Firm may, for example, allocate a greater proportionate allocation (within reasonable risk tolerance levels) of certain types of investments to those Clients with principal investment strategies that focus on specific strategies and/or geographic regions than Clients with more diverse investment programs. As noted in Item 11 above, the Firm’s allocation policies may sometimes direct greater proportional allocations to certain Client accounts, even if the interests of partners, principals, and employees constitute a majority or substantial portion of such Client’s assets. Allocations to all Clients are generally different than what would be the case if allocations were done on a mechanical, *pro rata* basis based on net asset value or other parameters. Furthermore, if a Client does not or cannot establish a relationship with a given counterparty, such Client (1) may be excluded from an aggregated order, (2) may be subject to greater costs and expenses (including adverse price movements in the underlying security) in connection with a given transaction or (3) may be excluded from an investment opportunity.

The Firm’s portfolio managers review all ratios at least on a monthly basis and at times more frequently, taking into account actual and anticipated capital changes and changes in the risk profile within each Client account and relative sizes of Client accounts, recognizing that the appropriate ratio for each Client may change over time. The Firm initially bases the ratio on estimated Client account changes at the beginning of a particular month and then adjusts the ratio as necessary once Client account changes are finalized that month and also as necessary to reflect

changes in Client circumstances. Accordingly, the pre-determined ratios may be adjusted one or more times during a given month depending on the circumstances related to a given Client.

For investment opportunities that have unlimited availability, a Client's portfolio manager may determine to adjust the allocation that such Client would have otherwise received if the portfolio manager believes based on the Allocation Factors that doing so would be in the individual best interest of such Client.

For investment opportunities that have limited availability ("Limited Opportunities"), i.e., any (1) primary or secondary offering of equity or debt or (2) other investment opportunity that the Firm believes is too limited for all Clients to participate in to the full extent that would otherwise be in their individual best interest, a Client's portfolio manager may determine to reduce the allocation that such Client would have otherwise received based on the Allocation Factors.

Special Investments. In order to ensure all participating Clients receive appropriate exposure to Special Investments, the Firm allocates such Special Investments among participating Clients on a basis other than the ratios in accordance with Firm policies and procedures. Allocations of Special Investments are determined based on a variety of factors, including, among other things, investment capacity for Special Investments, the liquidity profile of the Clients at the time, the expected timing of realization of the investment or any other held by a Client, the level of risk that Sculptor believes that Clients should absorb, the desired level of hedging, and any other Allocation Factors set forth above as applied to the Special Investment. For example, Special Investments might be deemed to possess inherently more risk than more liquid investments or other non-Special Investments. Risk assessment is an ever-adjusting, subjective determination. Therefore, a Client's portfolio manager may want to limit risk by limiting the size of a Special Investment in relation to the net asset value of the Client or other parameters. Managing Client portfolios to account and adjust for risk, requires a non-formulaic approach to allocating exposure to Special Investments to take into account the risks associated with a specific opportunity or strategy. These risk considerations will change over time.

"Follow-On" Investments. The allocation of Special Investments to participating Clients may differ depending on whether the Firm designates an additional investment opportunity in or relating to an existing Special Investment as a "Follow-On" investment or as a "new" Special Investment, which designation is made in the sole discretion of Sculptor Capital. In determining whether to designate such additional investment opportunity as a Follow-On investment or as a new Special Investment, the Firm will consider many factors, including, but not limited to, whether such investment is accretive to, or necessary to protect the value of, an existing Special Investment, and whether such investment can be allocated in the same manner as the original Special Investment to which it relates, taking into consideration the Allocation Factors. If such additional investment opportunity is designated as a "new" Special Investment, a new allocation will be determined as described above, including with respect to participation by a Non-Discretionary Client, as applicable. Accordingly, a Client that participates in the original Special Investment may have an increased or decreased allocation to such new Special Investment as compared to the original Special Investment. If such additional investment opportunity is designated as a "Follow-On" Special Investment, then the Firm will seek to allocate the Follow-On investment in the same manner as the original Special Investment. However, if, due to any of the Allocation Factors, or if the Firm otherwise believes that it would not be appropriate for a Client to participate (or fully

participate) in a Follow-On investment opportunity, then the Follow-On investment opportunity (or the remaining portion thereof) will be allocated first to other Clients that participated in the original Special Investment, second to other Clients that did *not* participate in the original Special Investment for which the investment would be appropriate (and this can include Non-Discretionary Clients), and last to third parties, if any additional allocation remains.

Special Purpose Vehicles. In certain limited circumstances, such as where loans or private securities are purchased in an aggregated order, the Firm may not be able to allocate a portion of the order to a particular Client due to considerations including, without limitation, minimum denomination requirements, excessive costs or negative tax or regulatory consequences. For this reason, the Firm may establish one or more special purpose vehicles (“SPV”) to help facilitate these transactions. Eligible Clients will generally participate in the SPV subject to Client-imposed investment guidelines or restrictions and tax and regulatory considerations. In such cases, non-participating Clients may be subject to higher costs with respect to such transactions. The Firm may, in its discretion, also decide not to have certain non-participating Clients invest in such transactions if it is determined that the costs (e.g., assignment fees in the case of bank debt) or tax or regulatory consequences associated with the non-participating Clients' investment are or could be too high. In addition, the Firm and its affiliates may establish one or more SPVs to help facilitate certain other investments. To the extent that one Client makes an initial investment in or increase its investment in an SPV, such investment will dilute other interests in such SPV (and its exposure to the underlying investments therein) unless the Firm determines to increase that Client's investment in such SPV on a proportionate basis.

Financing Subsidiaries. In the context of Special Investments or Limited Opportunities in a specific investment program in which multiple Clients participate, the Firm may seek to finance such investments via the formation of a financing subsidiary (“Financing Subsidiary”) whereby a lender to such Financing Subsidiary will have a lien on all of the Financing Subsidiary's assets. In order to ensure that all Clients holding investments through the Financing Subsidiary are fairly and equitably subject to such lien, the Firm may establish a fixed allocation ratio for all investments held through such Financing Subsidiary. In which case, the Clients' allocation of the initial investment held by such Financing Subsidiary will be determined in accordance with Sculptor's allocation procedures. All subsequent investments for such Clients made through such Financing Subsidiary will be subject to the same allocation ratio for a set period (e.g., 12 months) which will be determined by Sculptor at the time of the initial investment (the “Investment Period”) except as described below. Sculptor will determine the Investment Period based on a variety of factors, including (a) the nature, and expected timing of realization, of the investments expected to be held by the Financing Subsidiary, (b) the investment objectives, guidelines and restrictions, investment programs and investment periods of the participating Clients, (c) tax and regulatory considerations, (d) investment capacity of the participating Clients and (e) such other factors that the Firm believes are consistent with the fair and equitable treatment of all Clients over time. Upon expiry of the Investment Period of a Financing Subsidiary, the Firm will review the applicable allocation ratio (including by comparing such ratio to the ratio that would otherwise apply at such time under the allocation procedures) for the participating Clients to determine whether it should remain the same or be adjusted in order to promote the fair and equitable treatment of such participating Clients over time. Upon such review, the Firm may either (a) extend the Investment Period (with the length of such period being determined as described above) for such Financing Subsidiary without adjusting the allocation ratio, (b) extend the Investment Period (with the length of such period

being determined as described above) for such Financing Subsidiary and adjust the allocation ratio in accordance with the allocation procedures for future investments to be held through the Financing Subsidiary or (c) close the Financing Subsidiary to future investments and establish a new Financing Subsidiary in accordance with this paragraph to facilitate the financing of future investments by Clients. At any point prior to the expiry of a Financing Subsidiary's Investment Period, the Firm may terminate such Investment Period if it is determined that material changes to the circumstances of one or more participating Clients have rendered the applicable allocation ratio unfair or inequitable. In the event a financing arrangement permits Clients to hold such investments directly, as opposed to through a Financing Subsidiary, the Firm may establish a fixed allocation ratio for all such investments subject to such financing arrangement in accordance with these procedures as though such investments were held through a Financing Subsidiary.

Non-Discretionary Clients. Certain Client accounts may be managed by Sculptor on a non-discretionary basis ("Non-Discretionary Clients"). The terms of any Non-Discretionary Client's investment program will govern which investments may be offered to the applicable Non-Discretionary Client (e.g., geography, sector, instrument type, risk tolerance, etc.). Subject to such terms, Non-Discretionary Clients may be included in the allocation for an investment opportunity after taking into account the Allocation Factors, in accordance with Sculptor policies and procedures.

Regardless of such allocation, Non-Discretionary Clients may elect to take less than all (including none) of their share of any such investment opportunity, including Limited Opportunities, Special Investments and Follow-On investments. Depending on the allocation selected by the Non-Discretionary Client (including if the Non-Discretionary Client chooses not to participate in such investment opportunity), Sculptor may adjust (either up or down) the allocation to all other eligible Clients to ensure all participating Clients (including the Non-Discretionary Client(s)) receive the appropriate exposure to the investment opportunity. Accordingly, the ability of a Non-Discretionary Client to select exposure to any investment to which it has received an initial allocation will impact (either increase or decrease) amounts available to allocate to other participating Clients over which Sculptor has discretion.

Individual Investment Advice. Individual investment advice and treatment will be accorded to each Client. In this regard, the Firm may exclude a Client from participating in any investment opportunity or adjust the Client's relative participation if the Firm believes that the opportunity is not appropriate for the Client or the Client's exposure to the investment should be limited. Reasons may include the risk of the investment, desired portfolio and/or strategy diversification, the liquidity profile of the Client, the overall volatility of the Client's portfolio or other factors deemed relevant at such time. In addition, any SMA clients directly, and the portfolio managers of the Funds, may request or establish, respectively, greater or lesser portfolio concentrations which may cause the Firm to allocate investment opportunities on other than a *pro rata* basis.

Real Estate Clients. Pursuant to the Firm's Allocation Policy, the Firm may initially allocate up to 100% of all private real estate investment opportunities to Clients of Sculptor Real Estate Advisors LP ("SRE Clients"). Each such opportunity will be allocated among SRE Clients in accordance with the allocation procedures for Special Investments described above. Any portion of a private real estate investment opportunity remaining after all SRE Clients have received their desired allocation will be allocated in the following order of priority: (a) to Clients (including



Non-Discretionary Clients) in existence on or prior to the date that any such SRE Client makes its initial investment who, as part of a broader overall investment program, have a dedicated allocation to private real estate investment opportunities (b) next, as a Co-Investment Transaction (as defined below) among investors in any SRE Client that (i) made its initial investment on or after April 1, 2018 and (ii) participates in the applicable private real estate investment opportunity and (c) next, among the other Clients in accordance with the allocation procedures for Special Investments described above and (d) thereafter, to other Co-Investors (as defined below). As a result, all Clients may not participate (i) in every private real estate investment opportunity or (ii) *pro rata* in those private real estate investment opportunities in which they do participate.

Sector-Specific Clients. Pursuant to the Firm's Allocation Policy, the Firm may initially allocate up to 100% of all private sector-investment opportunities to Clients whose investment program is primarily focused on sector-related investments (such Clients, "Private Sector-Specific Clients," including "Energy-Specific Clients"). Each such opportunity will be allocated among Sector-Specific Clients in accordance with the allocation procedures for Special Investments described above. Any portion of a private sector-specific investment opportunity remaining after all Private Sector-Specific Clients have received their desired allocation will be allocated in the following order of priority: (a) to Clients (including Non-Discretionary Clients) in existence on or prior to the date that any such Sector Specific Client makes its initial investment who, as part of a broader overall investment program, have a dedicated allocation to private sector investment opportunities (b) next, as a Co-Investment Transaction (as defined below) among investors in any Private Sector-Specific Client that (i) made its initial investment on or after April 1, 2018 and (ii) participates in the applicable private sector investment opportunity and (c) next, among the other Clients in accordance with the allocation procedures for Special Investments described above and (d) thereafter, to other Co-Investors (as defined below). As a result, all Clients may not participate (i) in every private sector investment opportunity or (ii) *pro rata* in those private sector investment opportunities in which they do participate.

Private Credit-Specific Clients. Pursuant to the Firm's Allocation Policy, the Firm may initially allocate up to 100% of all private credit investment opportunities to Clients whose investment program is primarily focused on private credit-related investments (such Clients, "Private Credit-Specific Clients"). Each such opportunity will be allocated among Private Credit-Specific Clients in accordance with the allocation procedures for Special Investments described above. Any remaining portion of such opportunity will be allocated (a) first, among the other Clients in accordance with the allocation procedures for Special Investments and (b) thereafter, to Co-Investors. As a result, all Clients may not participate (i) in every private credit investment opportunity or (ii) *pro rata* in those private credit investment opportunities in which they do participate.

Risk Assessment. When the Firm makes an investment decision, the Firm assesses the amount of risk that Clients should bear. The Firm's risk assessment is an inherently subjective determination. The Firm does not follow a pre-established formula to determine or modify Client risk capacity. Furthermore, risk assessments will vary depending on the nature of an investment and the strategy deployed. Because allocation of investment opportunities is based on these risk assessments, a portion of our allocation decision is itself subjective.

Pre-Settlement Order Adjustments. From time to time, circumstances arise before settlement of a transaction that result in the adjustment of the original order to make securities settle into a different account than was called for under the original order. This is generally done to avoid a violation of Client investment restrictions or guidelines, to avoid a negative tax consequence for a Client, or for a variety of other reasons. The effect of this is to allocate more or less to one or more Clients than what would have otherwise been the case in accordance with the original allocation. Please see the Firm's complete Order Aggregation and Allocation Procedures on the investor website for additional detail.

Over-Allocations to Funds with Substantial Proprietary Investments. As described above, the Firm's allocation procedures factor in the need to ramp-up new Clients (including new Funds) to a fully invested position in a timely manner. This objective may raise a conflict of interest between the Firm and Clients to the extent that the Firm, its partners, principals, and employees have contributed the majority of a new Fund's capital. The Firm's interest in new Funds may remain substantial for an extended period of time, depending on the degree of investments by third party investors. The same issue applies to investments by the Firm's partners, principals, and employees also in other, more seasoned Funds, which also may be substantially comprised of proprietary investments.

Special Considerations for New Clients and Allocations of Public Investments. When making investment decisions for a new Client or a Client making large subscriptions or redemptions (including Limited Opportunities and Special Investments), the Firm may determine not to allocate such orders on a *pro rata* basis, but instead, may allocate a larger proportion of an order (up to 100% of the order) to such Client to achieve the desired exposure to such issuer (or in the case of a withdrawal, the desired liquidity). As a result of these factors and processes, all Clients will not participate equally in every order placed for the purchase or sale of an investment opportunity, including those that may have very limited availability.

Allocations of Primary and Secondary Offerings. With respect to allocations of primary and secondary offerings, the Firm will determine whether and the extent to which a particular offering will be allocated among Clients and the amount of such allocation in accordance with the procedures outlined above for Limited Opportunities and, as applicable, Special Investments (including available capital) and in a manner consistent with applicable regulations (e.g., Financial Industry Regulatory Authority Rules 5130 and 5131, as amended, supplemented and interpreted from time to time, collectively the "FINRA Rules"). The Firm may modify procedures related to the allocation of orders in offerings so as to comply with any rule or interpretation thereof adopted by any applicable regulatory authority or if the Firm otherwise believes that a modification is necessary to ensure that all Clients are treated fairly over time.

The Firm will allocate appreciation and depreciation from "new issues," as defined under the FINRA Rules, and other restricted investments, only to Clients that are eligible to participate. Under the FINRA Rules, certain persons (including, without limitation, persons associated with a broker-dealer, portfolio managers, executive officers, and directors of public companies and certain family members of such persons) may be "restricted" with respect to their participation in new issues. As a matter of fairness to Fund investors that do not participate in a Fund's investments in new issues and other restricted investments, the Firm may debit a use-of-funds charge to the capital accounts of those investors that do participate in new issues and credit that amount to the

capital accounts of all other investors. The decision of whether to debit a use-of-funds charge is made on a case-by-case basis. Historically, the Firm has not exercised our authority to impose such a charge.

Dilution of Investment Opportunities. The Firm has entered into, and will enter into, business relationships with entities that provide investment ideas and opportunities that are appropriate for one or more Clients. In addition, Clients retain the Firm to provide non-discretionary advice, as noted above, and, in some cases, retain consent rights over their investments. To the extent that the Firm's business expands in these directions, the investment opportunities given to any specific Client will likely be diluted over time as more Clients and joint ventures (including joint ventures from which the Firm derives an economic benefit) will compete for a limited pool of opportunities or as specific groups of Clients receive priority in allocations of investment opportunities related to specific investment strategies (such as described in Item 12 herein in "SRE Clients," "Private Sector-Specific Clients," including "Private Energy-Specific Clients," and "Private Credit-Specific Clients"). As a result of this dilution, investment opportunities that are appropriate for a Client may not be allocated (or allocated in lesser amounts) to such Client and may instead be allocated to other Clients and joint ventures (including joint ventures from which the Firm derives an economic benefit). Clients should understand the extent of Sculptor's business and should only contribute capital to a Fund or establish an SMA with the knowledge that the advisory services the Firm provides are not exclusive.

The Firm may permit one or more investors, which may include third parties and/or investors in a Client (each, a "Co-Investor"), to co-invest in certain investment opportunities (including Limited Opportunities and Special Investments) (each, a "Co-Investment Transaction"). Generally, the Firm will offer investment opportunities to Co-Investors only if the Firm determines that Client accounts have received a full allocation of such investment opportunity in accordance with the Firm's allocation policy; provided, that Co-Investment Transactions that are private real estate, private energy or private credit investment opportunities will be allocated in accordance with the allocation procedures for SRE Clients, Private Energy-Specific Clients and Private Credit-Specific Clients described above. Any such Co-Investment Transaction may be subject to a placement fee, management fee and/or an incentive allocation payable to the Firm or its affiliates. The Firm's decision to permit co-investments by Co-Investors may be based on a business relationship with the Co-Investor (including investment by the Co-Investor in one or more investment vehicles managed by the Firm or its affiliates).

In certain instances, subject to each Client's governing agreements, a Co-Investment Transaction may be structured in a manner such that the proposed Co-Investors would not bear any Broken Deal Expenses, with the result being that a Client with an investment program primarily focused on certain private investment opportunities (i.e., an SRE Client, a Private Energy-Specific Client or a Private Credit-Specific Client), who would have participated in the Co-Investment Transaction, would bear all such Broken Deal Expenses; provided, if so structured, that such Co-Investors would not be entitled to receive any break-up or similar fee income, if any, that may be earned with respect to such transaction. In many cases, the Firm does not expect that proposed Co-Investors will bear Broken Deal Expenses. Consequently, SRE Clients, Private Energy-Specific Clients or Private Credit-Specific Clients may bear all such Broken Deal Expenses in connection with private real estate, private energy and private credit transactions in which they would have participated, respectively (and in such case would be entitled to any such break-up or

similar fee income, but it must be noted that there may be instances in which these Clients bear all broken deal expenses without the benefit of any break-up or similar fees). Notwithstanding the foregoing, SRE Clients, Private Energy-Specific Clients or Private Credit-Specific Clients will not bear the *pro rata* portion of Broken Deal Expenses attributable to other Clients who would have participated in a Co-Investment Transaction had it been consummated, as such portion will be borne by the applicable Clients.

### ***Other Brokerage Practices, Issues, and Conflicts***

Separate Trading Desks and Strategies. The Firm has separate trading desks for different products and strategies that are managed by different traders and portfolio managers. The Firm's portfolio managers and traders employ separate strategies pursuant to which they may invest and trade in the same or similar securities. These trading activities may result in our trading desks placing simultaneous competing orders or opposite orders for the same securities, which could cause the price of these securities to increase or decrease. These competing trades may therefore cause a Client to pay a higher purchase price or receive a lower sale price than it otherwise would have paid or received if competing orders had not been placed.

Step Out Transactions. The Firm sometimes engages in "step-out" brokerage transactions. In a typical step-out trade, the Firm directs the executing broker to allocate all or a certain number of shares of an executed trade to another broker-dealer (the "stepped-out broker") for clearance and settlement. The executing broker receives a commission on the number of shares of an order that it executes, clears and settles while the stepped-out broker negotiates and receives the commission for the number of shares it clears and settles. The executing broker may not know what commission is paid to the stepped-out broker or what services (other than clearance and settlement) the stepped-out broker provides to us. In a step-out trade, Clients will generally not be paying the lowest commission possible.

OTC Transactions. When OTC transactions are placed, Sculptor generally employs primary market-makers, except when it is believed that better executions can be obtained from other market participants. From time to time, OTC trades may be executed on an agency basis rather than on a principal basis. In these situations, the broker the Firm selects may acquire or dispose of a security through a market-maker. The transaction may thus be subject to both a commission (from the agency broker) and a mark-up or mark-down (from the market maker) and, therefore, the net price may be greater than what might otherwise be available. The Firm believes that the use of a broker in such instances is consistent with its duty to seek to obtain best execution for Clients, in light of the factors considered. For example, the use of a broker can provide anonymity in connection with a transaction, and a broker may, in certain cases, have greater expertise or greater capability in connection with both accessing the market and executing a transaction.

Cross Trades. The Firm may affect “cross” transactions between Clients, if permitted by applicable law. In a “cross” transaction, one Client will purchase securities held by another Client. The Firm will only affect these transactions:

- (1) when the Firm deems the transaction to be in the best interests of both Clients;
- (2) at a price and under circumstances that the Firm has determined by reference to independent market indicators, or other factors, which the Firm believes to constitute best execution for both Clients; and
- (3) when approved by the Conflicts Committee in advance.

The Firm does not receive any transaction-based compensation in connection with cross transactions. “Inadvertent” cross transactions may also occur when trades cross in the market. For example, when the Firm rebalances Client accounts, certain Clients may sell securities into the market at the same time that other Clients are purchasing the same securities in the market, resulting in an inadvertent or “deemed” market cross. In these cases, we do not instruct the independent broker-dealer to directly move positions between Clients and the broker-dealer establishes the price for the transaction.

Trade Errors. The Firm has established policies and procedures regarding the handling of trade errors that occur from time to time in the normal course of its business operations. Pursuant to these policies and procedures, the Firm will seek, where practicable, to correct an error without financial impact on any Client and in a manner that is fair and equitable to all affected Clients. In this regard, the Firm attempts to place Clients in the position that was intended at the time a decision to trade was made. The Firm may use a variety of methods to achieve this goal and the goal of treating all Clients fairly and equitably. These methods, depending upon the circumstances, may include (a) adjusting the allocation of trades, or the profit and loss from trades, among Clients and (b) reimbursing Clients in which transactions have settled, for actual losses (not lost opportunity gain or loss of appreciation) including interest. Generally, where trading errors result in gains for the Client, the Client is credited with such gains; provided that if such gains are at the expense of other Clients, the Firm will attempt to correct the error by reallocating such gains to the harmed Clients. Generally, the Firm will not offset gains from trade errors unless the underlying transactions constitute a single transaction. Soft dollars are not used to rectify trade errors.

The Firm is responsible for its own errors; however, it is not responsible to correct the errors of third parties, such as broker-dealers and prime brokers, unless the Firm has otherwise expressly assumed this obligation. The Firm will make reasonable efforts to attempt to have a third party correct any error the third party has caused, and the Firm may in its sole discretion determine to reimburse Clients or otherwise provide assistance in connection with resolving errors committed by third parties.

Aggregated orders of securities executed as intended but allocated incorrectly among one or more Clients are not trade errors. The Firm, however, will seek to ensure appropriate resolution of allocation errors in a manner consistent with the Firm’s Allocation Policy. For example, the Firm may reallocate a trade to another Client account when that reallocation is consistent with a

legitimate investment decision on behalf of each Client account involved. Where reallocation is not permissible or practicable, the Firm will engage in a transaction(s) for the affected Client as may be necessary to correct the error in a fair and equitable manner. The Firm's Conflicts Committee will approve the resolution of allocation errors.

To the extent that a Client is regulated under a different regulatory regime, the Firm will follow that regime's different policies and procedures regarding error correction.

Transactions with Fund Investors and Clients. The Firm and its affiliates sometimes enter into transactions with certain Fund investors or other Clients. The terms of these transactions are negotiated on an arm's length basis. However, the Firm and its affiliates are subject to a conflict of interest when determining such terms, because it may ultimately benefit from retaining the investor or Client.

Allocation of Time and Resources. Generally, the Firm is not subject to specific obligations or requirements concerning the allocation of time, efforts, resources, or investment opportunities to any particular Client. The Firm's personnel devote time to the affairs of its Clients as they, in their discretion, determine to be necessary for the conduct of the business.

Material Non-Public Information. The Firm is a global institutional asset management firm that manages multiple investment strategies for many different Clients. As part of the Firm's investment advisory activities, the Firm and its affiliates sometimes come into possession of material non-public information regarding other issuers, including both public and private companies. The Firm is generally prohibited from using this information for the benefit of any Client. As an example, the Firm may obtain material, non-public information or enter into a non-disclosure agreement if it is contemplating a transaction in furtherance of certain investment strategies. If any Client has an existing holding that is affected by the Firm's receipt of material, non-public information or the terms of the non-disclosure agreement, the Client will not be able to sell, dispose of or close out that position during the effectiveness of the agreement or duration of the restriction. As a result, the Client may experience a loss in value, which may include a total loss, of the position during this restricted period. Furthermore, the Firm will be unable to enter into new positions (or increase existing positions) in such affected securities during the confidentiality or restricted period. The Firm's activities for a Client may be affected by these restrictions even when the Firm obtained the material, non-public information with the intention of trading for a different Client. The Firm may therefore be precluded from affecting transactions in issuers for certain Clients as a result of the receipt of confidential or material, non-public information in furtherance of strategies on behalf of other Clients.

Investment by and in Broker-Dealers/Banks. The Firm permits affiliates of broker-dealers or banks that are selected to effect portfolio transactions for Clients, including the Funds, to invest in the Funds. The Firm may also establish SMAs for affiliates of broker-dealers or banks. These relationships may create a conflict of interest because there is a risk that a broker-dealer or bank is selected to perform commission-earning services for the Clients as a result of the broker-dealer's (or its affiliate's) being a Client or making investments in the Funds. As described above, the selection of broker-dealers or banks is based on a variety of factors and the Firm does not consider the investment of assets with us in selecting brokers for purposes of executing Client orders. Nonetheless, a conflict of interest exists.

In addition, the Firm sometimes transacts in debt and equity securities and loans of broker-dealers or banks (or their affiliates) for Clients and through which Client brokerage is executed. The Firm makes these investments in the exercise of its investment discretion and only when the Firm believes the investment to be beneficial to Clients. The Firm does not have any pre-arrangement or understanding with any broker-dealer or bank that an investment in the broker-dealer's or bank's (or its affiliate's) debt or equity securities or loans is in recompense for business or other services such broker-dealer provides to the Firm and its Clients.

Complex Institutional Relationships. Throughout Item 12, and elsewhere in the Brochure, the Firm discloses conflicts of interest arising out of Firm or affiliate relationships with prime brokers and other counterparties and service providers. For example, some counterparties have established platforms to allow some of their own clients and customers to invest in Sculptor Funds through feeder funds. These conflicts may be exacerbated to the extent that the Firm and its affiliates have multiple such relationships, involving a variety of transactional work with the same or related entities. The Firm's relationships with counterparties and other service providers are dynamic and evolve over time. Because of the number and nature of these relationships, conflicts of interest that arise in connection with any one transaction or relationship can be compounded when many different transactions and relationships develop at the same time.

### **Item 13 – Review of Accounts**

Generally, the Firm reviews daily Client portfolios. The Firm reviews quarterly certain Client portfolios, including real estate Fund portfolios. This review is carried out by Firm analysts and portfolio managers. The Firm also reviews daily the transactions entered into for Clients to ensure that correct entries have been made for all Client records.

The Firm typically provides Fund investors with monthly transparency reports and statements indicating the current market value of their interests. The Firm also provides monthly and quarterly letters to investors in certain funds as well as month-to-date performance data for certain Funds, which is provided on a weekly basis. For real estate Funds, the Firm provides investors with quarterly investment reports on each portfolio investment in the Fund. For Affiliated CLOs and any Affiliated CBO, an independent custodian or administrator is responsible for preparing periodic reports and distributing them to investors. Upon request, the Firm would provide SMA investors with reporting of their accounts as needed and in a manner consistent with governing rules and regulations.

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

The Firm may execute Client transactions with prime brokers that sponsor events, meetings or other communications between potential investors and the Firm and its affiliates. These capital introduction services are provided incidental to other brokerage services. The Firm and its affiliates are not compelled to engage broker-dealers that sponsor these capital introduction programs in order to be included at these events. However, these capital introduction events are typically sponsored by prime brokers that provide necessary services to the Funds, and they may create the appearance of using the execution services or prime brokerage services of these broker-dealers in order to be invited to their capital introduction programs.

The Firm does not cause Clients to execute transactions or pay higher commissions or other transaction costs in connection with these programs or services (although Clients will not necessarily pay the lowest possible commission when executing transactions through these broker-dealers—please see Item 12 above for additional information). However, the Firm does pay to attend certain conferences, seminars and other events that are attended by prospective investors but are not specifically designed as capital introduction events. Furthermore, broker-dealers or their affiliates may introduce us to prospective investors and will continue to have business relationships with, and execute brokerage transactions on behalf of, Clients.

In addition, certain counterparties, including affiliates of broker-dealers, have established exclusive and non-exclusive platforms to allow their clients and customers to invest in the Funds through feeder funds and other vehicles. These platforms are described in greater detail in Item 6 and in Item 12 above. The Firm pays a portion of the management fee to platform sponsors out of the fees received from Funds with respect to the assets invested through each respective platform. In addition, the Firm anticipates entering into an arrangement with a platform sponsor whereby such sponsor is paid an annual product access payment from the Firm and an investment vehicle (and therefore its investors) placed by the sponsor in its investment menu for access to its clients and advisors.

The Firm enters into solicitation agreements pursuant to which it compensates third-parties for client referrals that result in the provision of investment advisory services by the Firm, including compensation in the form of a percentage of introduced capital. Such compensation is paid pursuant to a written agreement with the solicitor in accordance with applicable rules under the Advisers Act and any applicable laws and regulations. The Firm bears the costs of any such compensation and, therefore, such fees do not result in additional charges to any Clients (whether directly or through offset of management fees received by the Firm). Placement agents that solicit investors may pose a conflict of interest because they are compensated in connection with their solicitation activities. If an investor is introduced to a Fund by an intermediary placement agent, the investor will be informed of any fees payable by the applicable Fund or the Adviser to the intermediary related to its investment.

## **Item 15 – Custody**

In connection with the management of investments for Clients, the Firm has custody of certain Client funds, securities, and other assets.

Where applicable, the Firm maintains Client assets with qualified custodians, such as U.S. banks, U.S. registered broker-dealers, U.S. futures commission merchants (limited to holding client funds and security futures and any other securities incidental to client futures transactions), and certain foreign financial institutions that customarily hold customer assets and that segregate customer assets from its own assets. As discussed in Item 13, the Firm prepares periodic supplemental reports for investors. Any supplemental reports should be carefully reviewed and compared against statements received directly from any custodian, to the extent an account contains the types of securities that would be held with a custodian.

For each Fund managed by the Firm, Sculptor obtains and distributes annual audited financial statements to investors within the required timeframe for each such pooled investment vehicle to



comply with applicable custody rules. Such audited financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles by an accountant that is registered with, and regularly examined by, the Public Company Accounting Oversight Board.

## **Item 16 – Investment Discretion**

The Firm generally receives and exercises discretionary authority to manage investments on behalf of Clients, although it also provides advice to Clients on a non-discretionary basis. Clients may also direct the Firm to use a particular broker-dealer or broker-dealers. SMAs will be opened solely in the Firm's discretion and will generally be subject to minimum investment amounts. As noted in Item 4 above, SMAs may impose limitations on this discretion with respect to: (1) the specific types of investments or asset classes that the Firm will or will not purchase for their account; (2) the nature of the issuers of investments that the Firm will or will not purchase for their account; (3) the risk profile of instruments the Firm will or will not purchase for their account; or (4) the risk profile of the account as a whole. In limited cases, certain Clients retain consent rights over their investments.

The Firm typically assumes discretionary authority through a power of attorney or contract provision granted or entered into by a Client, or through the constituent documents of a Fund.

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

The Firm has adopted proxy voting policies and procedures (the "Proxy Policies"). Under the Proxy Policies, the general practice is to vote proxy proposals or resolutions relating to Client securities, including interests in private investment funds, if any (collectively, "proxies"), in a manner that serves the best interests of Clients. In determining how to vote proxies, the Firm typically considers a combination of the following factors: (1) the impact on the value of the securities; (2) the costs and benefits associated with the proposal; (3) the effect on liquidity; (4) the customary industry and business practices; (5) any other factors deemed relevant; and (6) ESG-related factors.

The Firm may decide to vote consistent with management recommendations, with shareholder recommendations, with the recommendation of a proxy voting service, or in any other manner deemed by the Firm's investment professionals to be consistent with the Firm's fiduciary duties. In addition, the Firm may decide not to vote or to abstain when the Firm believes doing so is in the best interests of Clients. Furthermore, under the Proxy Policies, the Firm may not vote proxies issued by companies if Clients no longer have any economic exposure to the issuer of the proxy.

The Firm has also adopted proxy voting procedures pursuant to which an investment professional is required to conduct a case-by-case review and analysis before making a decision about matters that directly affect ESG issues. As detailed in the Proxy Policy, however, decision-making in the proxy voting context is a combination of all relevant economic and non-economic considerations rather than based solely on ESG considerations, consistent with the Firm's fiduciary duties and the investment mandates of the funds and client accounts the Firm manages.

The Firm has created an internal Conflicts Committee composed of representatives of the Legal and Compliance departments, as well as senior executives and other employees of Sculptor, as

needed, which receives an annual presentation on proxy voting activities and adherence to the Proxy Policies. If the Firm (or one of its partners or principals) has a conflict with respect to a proxy, the Proxy Policies require that the Firm refer the determination of how to vote the proxy to its internal Conflicts Committee (described in Item 11 above) for review and resolution.

The Firm does not permit Clients to direct how it will vote on specific proxies.

## **Item 18 – Financial Information**

Form ADV Part 2A requires investment advisers such as Sculptor to disclose any financial condition reasonably likely to impair its ability to meet contractual commitments to clients. The Adviser has no information to report that is applicable to this Item 18.