

**Item 1**  
**Cover Page**

**Riva Ridge Capital Management LP**

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This brochure provides information about the qualifications and business practices of Riva Ridge Capital Management LP. If you have any questions about the contents of this brochure, please contact us at (646) 284-9900. 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.

*The Investment Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.*

Additional information about Riva Ridge Capital Management LP is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

**Item 2**  
**Material Changes**

This is Riva Ridge Capital Management LP's ("**RRCM**" or the "**Firm**") annual amendment to Form ADV for the fiscal year ending December 31, 2019. RRCM's last Form ADV update was on March 28, 2019 and there have since been no material changes to disclose; however, clients and prospective clients should read the entire brochure carefully.

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**Item 4**  
**Advisory Business**

- A. RRCM, a Delaware limited partnership, is an investment adviser located in New York, NY, founded in 2003. RRCM serves as the sole investment adviser to eight (8) pooled investment vehicles (each a **“Fund”** and collectively the **“Funds”**), which include Riva Ridge Capital Partners, LP (the **“Domestic Fund”**), Riva Ridge Overseas Fund, Ltd. (the **“Overseas Fund”**), Riva Ridge Overseas Intermediate Fund, Ltd. (the **“Overseas Intermediate Fund”**), Riva Ridge Master Fund, Ltd. (the **“Master Fund”**), Riva Pronto Master Fund, LP (the **“Pronto Master Fund”**), Riva Pronto Overseas Fund, Ltd. (the **“Pronto Overseas Fund”**), Hornsilver LLC (the **“Hornsilver Fund”**) and Highline, Ltd. (the **“Highline Fund”**); and one (1) separately managed account for an unaffiliated investment manager (**“Other Account,”** and together with the Funds are referred to as **“Clients”**). The Other Account is a co-investment by a third party in a single holding of the fund. Riva Ridge Advisors LLC, a Delaware limited liability company and an affiliate of RRCM serves as the general partner of the Domestic Fund and the Hornsilver Fund (the **“Riva Ridge and Hornsilver General Partner”**) and the manager to the Overseas Intermediate Fund (the **“Manager”**) and may be entitled to receive an incentive allocation from such Funds as discussed below. Riva Pronto Advisors LLC, a Delaware limited liability company and an affiliate of RRCM serves as the general partner of the Pronto Master Fund (the **“Pronto General Partner,”** and together with the Riva Ridge and Hornsilver General Partner, the **“General Partners”**) and may be entitled to receive an incentive allocation from such Funds as discussed below.

The interests in the Domestic Fund are offered on a private placement basis, and in reliance on Section 3(c)(7) of the Investment Company Act of 1940, as amended (the **“Company Act”**), to persons who are “accredited investors” as defined in Regulation D promulgated under the Securities Act of 1933, as amended (the **“Securities Act”**), and “qualified purchasers” as defined under the Company Act, and who are subject to certain other conditions, which are set forth in the offering documents for the Domestic Fund.

Shares in the Overseas Fund are generally offered to persons who are not “U.S. Persons,” as defined under Regulation S of the Securities Act, or who are tax-exempt U.S. Persons that are “qualified purchasers” (or entities substantially comprised of such tax-exempt U.S. Persons) on a private placement basis, and who are subject to certain other conditions, which are fully set forth in the offering documents for the Overseas Fund.

Stephen Golden and James Shim, the founders of RRCM, are the Firm’s principal owners. Currently, RRCM has 8 employees, approximately 5 of whom perform investment advisory functions and none of whom are registered representatives of a broker-dealer.

- B. RRCM provides discretionary investment advisory services. With respect to the Funds, those services are provided to entities that are pooled investment vehicles through a master-feeder structure. The Funds’ investment objective is to provide investors with positive absolute returns primarily by capitalizing on a wide range of opportunities in the universe of distressed and highly leveraged companies. Preservation of capital is a primary objective of the Funds. The Funds may engage in the purchase and sale of a broad range of investment interests and securities.

- C. Through its employment of a master-feeder structure, RRCM utilizes the same strategy for all of the Funds, but maintains discretion to tailor its advisory services to the specific needs of a Fund when deemed necessary.
- D. RRCM does not participate in wrap fee programs.
- E. As of December 31, 2019, the “regulatory assets under management” that RRCM managed on a discretionary basis was \$387,480,064 and no assets on a non-discretionary basis.

**Item 5**  
**Fees and Compensation**

- A.** Generally, RRCM receives fees from Clients based on a percentage of value of the net assets that RRCM manages (the “**Management Fee**”) and based on performance achieved for each Client (“**Performance Compensation**”). The fees and expenses applicable to each Fund are set forth in detail in each of such Fund’s respective offering documents. The fees charged by RRCM to each Client are negotiable.
- B.** RRCM deducts Management Fees directly from the applicable Fund’s assets on a quarterly basis. The Domestic Fund, Overseas Fund, Master Fund and Pronto Overseas Fund pay RRCM a Management Fee for each fiscal quarter based on a percentage of the beginning net asset value for such fiscal quarter (subject to proration). Performance Compensation, if applicable, is generally calculated on an annual basis and will be deducted directly from Fund assets, except any applicable Performance Compensation is invoiced to the Pronto Overseas Fund, the Highline Fund and the Other Account.
- C.** In addition to the fees and allocations described above, each Fund with the exception of the Other Account bears its own operating expenses and its *pro rata* share of the Master Fund’s expenses, including, but not limited to, investment-related expenses, including brokerage commissions, clearing and settlement charges, custodial fees, interest expense, consulting and professional fees relating to particular investments or contemplated investments, investment-related travel and lodging expenses and research-related expenses; legal expenses; accounting; audit and tax preparation expenses; organizational expenses; expenses relating to the offer and sale of interests or shares in the Funds, as applicable; insurance premiums; fees to the Funds’ Administrator; expenses related to the maintenance of the Funds’ registered office; corporate licensing; extraordinary expenses and other similar expenses relating to the Funds.

The Other Account bears investment-related expenses, including brokerage commissions, clearing and settlement charges, custodial fees, interest expense, consulting and professional fees relating to particular investments or contemplated investments, investment-related travel and lodging expenses.

Clients will incur brokerage and transaction costs. See Item 12 – Brokerage Practices.

- D.** Management Fees are calculated and billed quarterly in advance. In the event of a redemption by an investor other than as of the last day of a quarter, RRCM will pay to the relevant Fund an amount equal to the *pro rata* portion of the Management Fee, based on the actual number of days remaining in such quarter, and the relevant Fund will distribute such amount to the redeeming investor.
- E.** Neither RRCM nor any of its supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds.

## Item 6

### Performance-Based Fees and Side-By-Side Management

The General Partners and/or the Manager may be entitled to Performance Compensation based on a share of capital gains on or capital appreciation of the net asset value of each Client's account. Performance Compensation is subject to a loss carry-forward provision or "high water mark", which generally provides that a Client's account will not be subject to the Performance Compensation until any net loss previously allocated to that account has been offset by subsequent net profits.

Based on the side-by-side management of the Funds and the potential for performance-based compensation to be paid to RRCM at different rates depending on the Fund, RRCM may have an incentive to cause a Fund to make investments which may be riskier or more speculative than those which would be made under a different fee arrangement. Also, because Performance Compensation is calculated on a basis which includes unrealized appreciation of assets, it may be greater than if such compensation were based solely on realized gains. RRCM has structured the Performance Compensation subject to Section 205(a)(1) of the Advisers Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3.

The Firm is committed to allocating investment opportunities on a fair and equitable basis and in a manner that is consistent with the investment objectives of the Funds. There may be certain aspects of the investment strategies for the Firm's different Clients that overlap from time-to-time. As a general matter, the Firm manages Funds that follow the same investment programs on a *pari passu* basis, with investments allocated *pro rata* based on the net assets of the Fund's portfolio. The Firm may deviate from the *pari passu* approach for various reasons, including to avoid adverse tax consequences, to account for regulatory restrictions such as those imposed by foreign jurisdictions, to avoid odd or *de minimis* lots, to account for the availability of cash, to account for portfolio composition and for other reasons as the Firm may consider reasonable. The Firm manages other Funds or separate accounts that follow different investment programs according to those programs. There are occasions where different Funds will invest in the same securities and those securities will be allocated among the different Funds. In such instances the portfolio managers, in consultation with the CCO, will determine an allocation methodology based upon the appropriate portfolio concentration, risk appetite, and tolerance for volatility for each Fund.

Notwithstanding the above guidance, the Firm takes into account additional factors when determining the allocations between the Funds. For instance, on occasion the Funds develop concentrations in positions in an industry, market segment or capital structure, that are of such degree as to cause the Funds to exceed the desired concentrations at that time. When this occurs, an investment opportunity will be allocated to the Funds, as the case may be, in a manner that does not exacerbate the concentration of positions in the affected portfolio.

In addition, investments, from time to time, are allocated to the Funds to rectify an imbalance in the investment between the two or more portfolios, such imbalance being relative to the net assets of each portfolio. In these instances, the Firm shall deviate from the *pro rata* approach in order to achieve equilibrium in the position between the two or more portfolios. Likewise, investments are allocated to the Funds to adjust for risk. An investment allocated in this manner is intended to either alleviate or incur additional risk within the designated portfolio. All such deviations from the *pro rata* approach will be documented by RRCM.

## **Item 7**

### **Types of Clients**

RRCM provides investment advice to the Funds, which are private investment vehicles that are exempt from registration under the Company Act. The Funds are limited to certain investors as set forth in the applicable Fund's offering and governing documents. In addition, RRCM also advises one separately managed account (the Other Account), which is a co-investment by a third party in a single holding of a fund.

Prospective investors should refer to the offering documents of each respective Fund for information on minimum investment requirements. Typically, RRCM requires a minimum investment of \$1,000,000, although this is negotiable at RRCM's discretion. Additional capital contributions must exceed \$250,000 unless waived by RRCM or an affiliate.



## **Item 8**

### **Methods of Analysis, Investment Strategies and Risk of Loss**

#### Investment Strategy

The investment strategies, methods of analysis, and (material) risks applicable to the client are set forth in detail in each client's respective offering documents or investment management agreements. A brief summary of those investment strategies, methods of analysis, and (material) risks is provided below.

The descriptions set forth in this brochure of specific advisory services that RRCM offers to clients, and investment strategies both pursued and made by RRCM on behalf of its clients, should not be understood to limit in any way RRCM's investment activities. RRCM may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that RRCM considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies RRCM pursues are speculative and entail substantial risks. Clients and investors in the Funds should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved. The risks inherent to the strategies employed by RRCM, including those listed below, are described in further detail in the respective Fund's offering documents.

RRCM's investment objective is to provide clients with positive absolute returns primarily by capitalizing on a wide range of opportunities in the universe of distressed and highly leveraged companies, with a focus on capital preservation. RRCM endeavors to moderate the risk profile for its clients, in part, by maintaining a significant amount of short exposure in the portfolio. However, RRCM's investment program is speculative and entails substantial risks, including risk of loss of the entire investment.

RRCM's investment strategy is primarily centered on company-specific analysis with positions reflecting RRCM's views on fundamental value and/or probabilities of certain events affecting a company. Positions may also include different parts of the same capital structure if the resulting risk/reward is better tailored to the objective of the clients.

RRCM combines analytical ability and experience to capitalize on a broad range of opportunities in a number of related markets, including distressed, high yield, special situations, leveraged loans, emerging markets, busted convertibles and troubled equities. Investments may take the form of bonds, bank loans, trade claims, convertibles, preferred stock, common stock, municipal securities, asset-backed securities and credit default swaps, among others. Holding periods can range from intraday to several years but tend to average three to nine months. The geographic focus is predominantly in North America but also includes Europe and Latin America.

In addition to focusing on better-known distressed companies, RRCM pursues "off the run" (less well known) and smaller situations which can often represent more attractive risk/reward opportunities. RRCM seeks to manage the trade-off between the size of positions and the lower liquidity often present in such situations.

RRCM's investment program is speculative and entails substantial risks, including risk of loss of the entire investment. There can be no assurance that RRCM's investment objectives will be achieved, and actual investment results may vary substantially from the investment objective. Clients and investors should be prepared to bear these risks.

From time-to-time, RRCM may acquire assets or securities which RRCM believes either lack a readily assessable market value or should be held until the resolution of a special event or circumstance (each, a **“Special Investment”**). Each Special Investment will be maintained in a special investment account (a **“Special Investment Account”**) on the Funds’ books and records until its realization, or the determination of RRCM, in its discretion, that such investment need not be treated as a Special Investment anymore.

While RRCM does not currently intend to acquire new Special Investments, RRCM may do so in the future. If RRCM decides to acquire new Special Investments, it will offer each investor the opportunity to participate in such Special Investments at such time.

### Investment Risks

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment advised by RRCM. All investing involves a risk of loss that clients and investors should be prepared to bear. The investment strategies offered by RRCM could lose money over short or long periods of time. Identifying undervalued or overvalued securities and other assets is difficult, and there are no assurances that RRCM’s investment strategies will succeed. Furthermore, a client may be forced to hold such investments for a substantial period of time (e.g., Special Investments) before realizing any anticipated value. RRCM cannot give any guarantee that it will achieve clients’ investment objectives or that any client or investor will receive a return of its investment.

Investors in the Funds should ultimately refer to their Fund’s respective offering documents for detailed risk disclosures that specifically address risks of each Fund’s investment strategies, methods of analysis, and/or particular types of securities recommended. Below is a summary of certain potentially material risks for each significant RRCM investment strategy used, the methods of analysis used, and/or the particular type of security recommended. Please note that RRCM’s use of the term “investor” in this section may refer to either a limited partner in the Domestic Fund or a shareholder in the Overseas Fund.

*Investments in Distressed Securities.* The Funds may invest in “below investment grade” securities and obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court’s power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies’ securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard that is a prerequisite to the Funds’ investment in any instrument, and a significant portion of the obligations and securities in which the Funds invest may be below investment grade. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that RRCM will correctly evaluate the value of the assets collateralizing the Funds’ loans or the prospects for a successful

reorganization or similar action. In any reorganization or liquidation proceeding relating to a company in which the Funds invest, the Funds may lose their entire investment, may be required to accept cash or securities with a value less than the Funds' original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from the Funds' investments may not compensate the Funds adequately for the risks assumed.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Funds of the security in respect to which such distribution was made. In certain transactions, the Funds may not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

*Short Sales.* Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the client and/or investor to profit from a decline in market price to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Funds engage in short sales will depend upon RRCM's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Funds of buying those securities to cover the short position. There can be no assurance that the Funds will be able to maintain the ability to borrow securities sold short. In such cases, the Funds can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

*Leverage and Financing Risk.* The Funds may leverage their capital because RRCM believes that the use of leverage may enable the Funds to achieve a higher rate of return. Accordingly, the Funds may pledge their securities in order to borrow additional funds for investment purposes. The Funds may also leverage their investment return with options, short sales, swaps, forwards and other derivative instruments. The amount of borrowings which the Funds may have outstanding at any time may be substantial in relation to their capital.

While leverage presents opportunities for increasing the Funds' total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by the Funds would be magnified to the extent the Funds are leveraged. The cumulative effect of the use of leverage by the Funds in a market that moves adversely to the Funds' investments could result in a substantial loss to the Funds which would be greater than if the Funds were not leveraged.

In general, the anticipated use of short-term margin borrowings results in certain additional risks to the Funds. For example, should the securities pledged to brokers to secure the Funds' margin accounts decline in value, the Funds could be subject to a "margin call," pursuant to which the Funds must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to

compensate for the decline in value. In the event of a sudden drop in the value of the Funds' assets, the Funds might not be able to liquidate assets quickly enough to satisfy their margin requirements.

The Funds may enter into repurchase and reverse repurchase agreements. When the Funds enter into a repurchase agreement, they "sell" securities issued by the U.S. or a non-U.S. government, or agencies thereof, to a broker-dealer or financial institution, and agrees to repurchase such securities for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the Funds "buy" securities issued by the U.S. or a non-U.S. government, or agencies thereof, from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Funds, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by the Funds involve certain risks including that the seller under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities. Disposing of the security in such case, may involve costs to the Funds.

*Commodities and Derivative Investments.* The prices of commodities contracts and derivative instruments, including futures and options, are highly volatile. Payments made pursuant to swap agreements may also be highly volatile. Price movements of commodities, futures and options contracts and payments pursuant to swap agreements are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities or other instruments underlying them. In addition, the Funds' assets are also subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses or counterparties.

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

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

When the Funds sell (write) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, the Funds would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop

below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Funds might suffer as a result of owning the security.

Swaps and certain options and other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, market risk, liquidity risk and operations risk.

*Bank Loans.* The Funds' investment program may include investments in significant amounts of bank loans and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) with respect to participations, limitations on the ability of the Funds to directly enforce their rights and counterparty credit risk considerations. In analyzing each bank loan or participation, RRCM compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Funds.

*Bankruptcy Claims.* RRCM may invest in bankruptcy claims which are amounts owed to creditors of companies in financial difficulty. Bankruptcy claims are illiquid and generally do not pay interest and there can be no guarantee that the debtor will ever be able to satisfy the obligation on the bankruptcy claim. The markets in bankruptcy claims are not generally regulated by Federal securities laws or the SEC. Because bankruptcy claims are frequently unsecured, holders of such claims may have a lower priority in terms of payment than certain other creditors in a bankruptcy proceeding. In addition, under certain circumstances, payments and distributions may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

*Risks Associated with Bankruptcy Cases.* Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions which may be contrary to the interests of the Funds as a creditor. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and functional operating control of a debtor.

Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Funds; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and may be required to liquidate assets. Although RRCM intends to invest primarily in debt, the debt of companies in financial reorganization will, in most cases, not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Funds' influence with respect to

a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such when they take over management and functional operating control of a debtor. In those cases where the Funds, by virtue of such action, are found to exercise “domination and control” of a debtor, the Funds may lose their priority if the debtor can demonstrate that its business was adversely impacted or other creditors and equity holders were harmed by the Funds.

The Funds may invest in companies based in OECD and other non-U.S. countries. Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

RRCM or an affiliate, on behalf of the Funds, may elect to serve on creditors’ committees, equity holders’ committees or other groups to ensure preservation or enhancement of the Funds’ position as a creditor or equity holder. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. If RRCM concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to the Funds, it will resign from that committee or group, and the Funds may not realize the benefits, if any, of participation on the committee or group. In addition, and also as discussed above, if the Funds are represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of or increasing its investments in such company while it continues to be represented on such committee or group.

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

*Assumption of Business, Terrorism and Catastrophe Risks.* The Fund 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; war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which the Funds invest (or has a material negative impact on the operations of the Investment Manager or the Service Providers), the risks of loss can be substantial and could have a material adverse effect on the Funds and the Shareholders’ investments therein. Furthermore, any such event may also adversely impact one or more individual Shareholders’ financial condition, which could result in substantial redemption requests by such Shareholders as a result of their individual liquidity situations and irrespective of Fund performance.

*Coronavirus Risks.* In December 2019, the virus SARS-CoV-2, which causes the coronavirus disease known as COVID-19, surfaced in Wuhan, China. The disease spread around the world, resulting in the temporary

closure of many corporate offices, retail stores, and manufacturing facilities across the globe, as well as the implementation of travel restrictions and remote working and “shelter-in-place” or similar policies by numerous companies and national and local governments. These actions caused the disruption of manufacturing supply chains and consumer demand in certain economic sectors, resulting in significant disruptions in local and global economies. The short-term and long-term impact of COVID-19 on the operations of the Investment Manager and the performance of the Fund is difficult to predict. Any potential impact on such operations and performance will depend to a large extent on future developments and actions taken by authorities and other entities to contain COVID-19 and its economic impact. These potential impacts, while uncertain, could adversely affect the performance of the Funds.

*Equitable Subordination.* Under common law principles that in some cases form the basis for lender liability claims, if a lender (a) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called “equitable subordination”). RRCM does not intend to engage in conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine; however, because of the nature of the debt obligations, the Funds may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the issuer should be equitably subordinated.

*Contingent Liabilities.* From time to time the Funds may incur contingent liabilities in connection with an investment. For example, the Funds may purchase from a lender a revolving credit facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, the Funds would be obligated to fund the amounts due. The Funds may also enter into agreements pursuant to which it agrees to assume responsibility for default risk presented by a third-party, and may, on the other hand, enter into agreements through which third-parties offer default protection to the Funds.

*Litigation.* Reorganizations and, more generally, negotiations related to distressed securities, bank loans and other investments of the Funds can be contentious and adversarial. It is by no means unusual for participants to use the threat of, as well as actual, litigation as a negotiating technique. RRCM anticipates that during the term of the Funds, the Funds and perhaps certain of their larger investors may be named as defendants in civil proceedings. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Funds and would reduce net assets or could require investors to return to the Funds distributed capital and earnings.

*Fraud.* Of paramount concern in lending is the possibility of material misrepresentation or omission on the part of the borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of the Funds to perfect or enforce a lien on the collateral securing the loan. The Funds will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

*Non-Performing Nature of Debt.* It is anticipated that certain debt instruments purchased by RRCM will be non-performing and possibly in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the loans.

*Investing in High Yield Securities.* The Funds may invest in high-yield securities. Such securities are generally not exchange traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange-traded marketplace. In addition, the Funds will invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that a major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities.

*Uncertain Exit Strategies.* Due to the illiquid nature of many of the positions which the Funds are expected to acquire, as well as the uncertainties of the reorganization and active management process, RRCM is unable to predict with confidence what the exit strategy will ultimately be for any given core position, or that one will definitely be available. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors.

*Illiquid Portfolio Instruments.* The Funds may invest part of its assets in investments that RRCM believes either lack a readily assessable market value or should be held until the resolution of a special event or circumstances (i.e., Special Investments). The Funds may not be able to readily dispose of Special Investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time.

Special Investments and other assets and liabilities for which no such market prices are available will generally be carried on the books of the Funds at fair value (which may be cost) as reasonably determined by RRCM. There is no guarantee that fair value will represent the value that will be realized by the Partnership on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. A withdrawing investor with an interest in a Special Investment will not receive any amount in respect of such interest until the related Special Investment is realized or deemed realized.

While RRCM does not currently intend to acquire new Special Investments, RRCM may do so in the future. If RRCM decides to acquire new Special Investments, it will offer each investor the opportunity to participate in such Special Investments at such time.



*Counterparty Risk.* Some of the markets in which the Funds may effect transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight to which members of “exchange-based” markets are subject. The lack of evaluation and oversight of over-the-counter markets exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Funds have concentrated their transactions with a single or small group of counterparties. The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Funds’ internal credit function which evaluates the creditworthiness of its counterparties may prove insufficient. The lack of a complete and “foolproof” evaluation of the financial capabilities of the Funds’ counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

*Counterparty Default.* The stability and liquidity of financing agreements, swap transactions, forward transactions and other over-the-counter derivative transactions depend in large part on the creditworthiness of the parties to the transaction. If there is a default by the counterparty to such a transaction, the Funds will under most normal circumstances have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs which could result in the net asset value of the Funds being less than if the Funds had not entered into the transaction. Furthermore, there is a risk that any of such counterparties could become insolvent and/or the subject of insolvency proceedings. If one or more of the Funds’ counterparties were to become insolvent or the subject of insolvency proceedings in the United States (either under the Securities Investor Protection Act or the United States Bankruptcy Code), there exists the risk that the recovery of the Funds’ securities and other assets from such prime broker or broker-dealer will be delayed or be of a value less than the value of the securities or assets originally entrusted to such prime broker or broker-dealer.

In addition, the Funds may use counterparties located in jurisdictions outside the United States. Such local counterparties are subject to laws and regulations in non-U.S. jurisdictions that are designed to protect their customers in the event of their insolvency. However, the practical effect of these laws and their application to the Funds’ assets are subject to substantial limitations and uncertainties. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a counterparty, it is impossible to generalize about the effect of their insolvency on the Funds and their assets. Clients and investors should assume that the insolvency of any counterparty would result in a loss, which could be material.

*Municipal Market Risk.* Various factors may adversely affect the value and yield of municipal securities. These factors include political or legislative changes and uncertainties related to the tax status of municipal securities or the rights of investors in these securities. To the extent that the Clients invest heavily in a particular state’s municipal securities, the Clients will be more vulnerable to factors affecting that state. The Clients’ investments in revenue securities, where principal and interest payments are made from the revenue of a specific project or facility, and not general tax revenues, may have increased risks. Factors affecting the project or facility, such as local business or economic conditions, could have a significant impact on the project’s ability to make payments of principal and interest on these securities.

*Cybersecurity Risk.* As part of its business, RRCM processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Clients and personally identifiable information of the Clients and investors. Similarly, service providers of RRCM, and Clients, especially the Administrator, may process, store and transmit such information. RRCM has procedures and systems in place to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to RRCM may be susceptible to compromise, leading to a breach of RRCM's network. RRCM's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by RRCM to Clients may also be susceptible to compromise. Breach of RRCM's information systems may cause information relating to the transactions of Clients and personally identifiable information of investors to be lost or improperly accessed, used or disclosed.

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

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

**Item 9**  
**Disciplinary Information**

In the past ten years, there have been no legal or disciplinary events involving either RRCM or any of its management persons that are material to RRCM's advisory business.

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

- A.** Neither RRCM nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B.** Neither RRCM nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.
- C.** RRCM currently provides investment advisory services to Pronto Master Fund, Pronto Overseas Fund, Hornsilver LLC, Highline, Ltd. and the Other Account, but does not solicit Pronto Master Fund, Pronto Overseas Fund, Hornsilver LLC, Highline, Ltd. and the Other Account to invest in the Funds. Hornsilver Fund and the Other Account are funds of one that invest in a single holding of the Master Fund.
- D.** RRCM does not receive compensation for recommending or selecting other investment advisers for its Clients.

## Item 11

### Code of Ethics, Participation or Interests in Client Transactions and Personal Trading

- A. RRCM has adopted a Code of Ethics (the “**Code**”), which describes the Firm’s fiduciary duties and responsibilities to its Clients, requires that the Firm’s employees act in the best interests of Clients to the exclusion of contrary interests, act in good faith and in an ethical manner and identify and address conflicts of interest to the extent that they arise. RRCM’s employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by RRCM, its employees or affiliates. In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of RRCM’s employees. The Code requires that employees pre-clear all personal securities transactions (with limited exceptions), report all securities transactions on at least a quarterly basis and provide a summary of securities holdings on at least an annual basis. The Code also addresses outside activities of employees, conflicts of interest, policies and procedures concerning the prevention of insider trading, including restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions. RRCM will provide a complete copy of its Code to any Client, investor or prospective client or investor upon request to the Chief Compliance Officer at RRCM’s principal address.
- B. RRCM and its employees are prohibited from effecting any personal securities transactions in any security held by Clients. RRCM employees are allowed to invest in the Funds through their 401(k) plan, and therefore such persons, from time to time, hold the same securities as other investors in the Funds. This arrangement necessitates an alignment of employee and investor interest, and because employees who invest in the Funds in this manner receive the same treatment as other investors, conflicts of interest are mitigated.
- C. Please see response to Item 11.B.
- D. RRCM’s employees are prohibited by the Code from buying or selling securities for their own accounts which have been recommended for purchase or sale to RRCM’s Clients.

**Item 12**  
**Brokerage Practices**

RRCM maintains an approved list of brokers and counterparties. In selecting brokers and dealers to effect portfolio transactions for Clients, RRCM seeks to obtain best execution by considering such factors as the ability of the brokers or dealers to effect the transactions, their facilities, reliability and financial responsibility, and the costs of brokerage or research products or services which RRCM considers to be of benefit to its Clients. RRCM need not solicit competitive bids and does not have an obligation to seek the lowest available commission or other transaction cost. Accordingly, the commissions and other transaction costs paid by Clients in any transaction, from time to time, are higher than other brokers might charge.

Although the Firm does not currently utilize formal soft dollar arrangements, in the future, RRCM may pay for research and execution services with “soft” or commission dollars. If the Firm chooses to use “soft dollars” to pay for research products or services, the Firm will only use such products that fall within the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended.

Client referrals are not considered in selecting or recommending broker-dealers.

RRCM does not engage in directed brokerage arrangements at this time.

**Item 13**  
**Review of Accounts**

Positions held by Clients are continuously monitored and reviewed by one or both of Stephen Golden and James Shim. Mr. Golden and Mr. Shim will be primarily responsible for portfolio management, credit analysis, trading, risk management and investor relations. Accounts are reviewed in the context of each Client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as a Client's individual circumstances, or the market, political or economic environment.

Within 30 days after the completion of each year's audit of each of the Domestic Fund's and Overseas Fund's books and records, or as soon as reasonably practicable thereafter (and within 120 days of the Funds' fiscal year end), audited financial statements will be provided to investors. RRCM may also provide periodic unaudited performance information for the Domestic Fund and the Overseas Fund, no less frequently than quarterly, to their respective investors.

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

- A.** No one other than RRCM's Clients provide an economic benefit to RRCM for providing investment advice or other advisory services to the Clients.
- B.** Neither RRCM nor any related person directly or indirectly compensates any person who is not a supervised person for Client referrals.



## **Item 15**

### **Custody**

RRCM does not maintain physical custody of its Clients' assets and has hired five independent qualified custodians, Bank of New York Mellon, BNP Paribas, First Republic Bank, Goldman Sachs & Co. and HSBC Securities Services to custody the Fund's assets as Rule 206(4)-2 of the Advisers Act (the "**Custody Rule**") requires. However, RRCM believes that it would generally be viewed by regulators as having custody of the assets of each Fund for which it or an affiliate serves as general partner or managing member.

Accordingly, RRCM will adhere to the applicable requirements of the Custody Rule with respect to each Fund for which it or an affiliate serves as general partner or managing member. RRCM's Chief Financial Officer will be responsible for arranging for the annual independent audits of the Funds by an independent auditor in accordance with generally accepted accounting principles, and for delivery of the Funds' audited financial statements to investors within 120 days of the Funds' fiscal year end.

**Item 16**  
**Investment Discretion**

RRCM accepts discretionary authority to manage securities on behalf of its Clients through the investment management agreements with such Clients.

**Item 17**  
**Voting Client Securities**

- A.** RRCM votes proxies in the interest of maximizing value for clients and investors. To that end, RRCM endeavors to vote proxies in the manner that it determines in good faith will be the most likely to cause the investments to increase the most or decline the least in value. Consideration is to both the short and long term implications of the proposal to be voted on when considering the optimal vote. The RRCM Proxy Voting Policy provides procedures for the disclosure of conflicts of interest, and the retention of appropriate records, among other things. Additional information about the RRCM Proxy Voting Policy and related practices and how a particular proxy was voted is available upon written request to RRCM. RRCM's CCO is responsible for overseeing and monitoring all proxy votes to ensure that such votes adhere to the RRCM Proxy Voting Policy.
- B.** Not applicable.

**Item 18**  
**Financial Information**

- A.** RRCM does not require or solicit prepayment of more than \$1,200 in fees per Client, six months or more in advance and therefore has not included a balance sheet.
- B.** RRCM does not believe that there are any conditions that are reasonably likely to impair its ability to meet contractual commitments to Clients.
- C.** RRCM has never been the subject of a bankruptcy petition.