

Marble Ridge Capital LP

Form ADV Part 2A Brochure

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This Part 2 of Form ADV (the “Brochure”) provides information about the qualifications and business practices of Marble Ridge Capital LP (“Marble Ridge”). If you have any questions about the contents of this Brochure, please contact us at (212) 858-9300. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Marble Ridge is available on the SEC's website at www.adviserinfo.sec.gov.

Registration as an investment adviser pursuant to the Investment Advisers Act of 1940 (the “Advisers Act”) does not imply any level of skill or training. This document is not an advertisement for the advisory services of Marble Ridge, nor an offer to sell or the solicitation of an offer to purchase interests in any fund managed by Marble Ridge.

Item 2: Material Changes

Marble Ridge is updating this Brochure as part of the annual amendment process. The following material changes have been made to this Brochure since the last annual amendment on March 19, 2019:

A change in identity of Marble Ridge's Chief Financial Officer that is effective as of April 2019.

Marble Ridge routinely makes updates and clarifying changes to the Brochure in an effort to improve and clarify the descriptions of its business practices and compliance policies and procedures or in response to evolving industry and firm practices.

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Item 4: Advisory Business

Marble Ridge is a New York-based investment manager established in February 2015. Dan Kamensky (the “Principal”) is the principal owner of Marble Ridge and its general partner, Marble Ridge Capital Holdings LLC.

Marble Ridge (through the Principal and his delegates) provides investment advisory services to Advisory Clients. “Advisory Client” means any discretionary or non-discretionary client for which Marble Ridge provides continuous and regular investment advice. Currently, Marble Ridge only provides investment advisory services to Advisory Clients formed as commingled investment vehicles (each a “Fund” and, collectively, the “Funds”). Persons who invest in the Funds are generally referred to herein as “Investors.” Marble Ridge LP, Marble Ridge Offshore Fund Ltd. and Marble Ridge Master Fund LP launched in 2016 are collectively referred to herein as the “Flagship Funds.”

The Funds are private investment funds that are offered to institutional investors, as well as high-net-worth, financially sophisticated individual investors. In providing services to the Funds, Marble Ridge formulates its investment objective, directs and manages the investment and reinvestment of each Fund’s assets and provides reports to Investors. Marble Ridge manages the assets of each Fund in accordance with the terms of the governing documents applicable to such Fund. Marble Ridge may also provide investment advisory services with respect to certain separately managed account clients or ‘funds of one’ (together, “Separate Accounts”) that follow an identical or substantially similar to each other program as that of the Funds. Separate Accounts will be subject to terms that are individually negotiated with each such Investor and generally involve significant account minimums. Where appropriate under the circumstances, Marble Ridge may also serve as investment adviser to pooled investment vehicles that are established to co-invest alongside the Flagship Funds. Accordingly, these Advisory Clients may invest in many of the same securities and issuers.

Marble Ridge provides advice to the Funds based on their respective specific investment objectives and strategies as set forth in each Fund’s confidential offering memorandum. Marble Ridge does not tailor its advisory services to the individual needs of Investors in the Funds.

As of December 31, 2019, Marble Ridge managed \$1,247,509,716 in regulatory assets under management on a discretionary basis.

Item 5: Fees & Compensation

Asset-Based Compensation

Marble Ridge receives fees for investment advisory services based on the amount of assets under management (a "Management Fee") as disclosed in each Fund's offering documents and investment management agreement. The Management Fee is payable quarterly in advance and calculated based on the net assets of each Fund (without accrual of any performance-based compensation), in an amount ranging from 1.5% to 1.75% for the Flagship Funds. Typically, Management Fees are calculated by a third party administrator and deducted from each Fund's account. If additional contributions are made during the quarter, the Management Fee will be prorated and charged at the time of such contribution. Further, the Management Fee will be prorated for any period that is less than a full fiscal quarter. In the case of Funds structured as a "master-feeder" fund, Marble Ridge will typically receive the Management Fee at the feeder fund level. To the extent the Management Fee is paid to Marble Ridge at the feeder fund level, no Management Fee will be paid at the master fund level. An affiliate of Marble Ridge also receives an annual performance-based allocation from each Fund. (Refer to "Item 6 - Performance Based Fees and Side-by-Side Management" below for additional information).

Marble Ridge has discretion to charge Management Fees that are different than what is disclosed in this Brochure, the applicable Fund offering documents, and investment management agreements, all of which may be payable on different terms. Marble Ridge has discretion to waive, reduce or calculate the Management Fee differently with respect to the investment of one or more Investors, including its affiliates, their respective members, partners and employees, and certain large or strategic investors, without notifying the other Investors in the applicable Fund, provided that no such waiver or reduction will adversely impact any other Investor or cause such Investor to bear a higher portion of the Management Fee than it would bear absent such waiver, reduction or calculation. In addition, investment vehicles that are established for co-investment purposes are subject to different fees.

Expenses

In addition to the Performance Allocation (as described below), pursuant to the offering documents, limited partnership agreements, and investment management agreements, the Funds will bear their own expenses and their pro rata share of the expenses of any master fund and any trading subsidiaries, including, without limitation, the following: (i) the Management Fee; (ii) expenses related to the research, due diligence and monitoring of actual and prospective investments (whether or not consummated) and the consummation of investments, including, without limitation, the following: third-party investment sourcing fees; consulting fees; expert fees; fees and expenses related to obtaining research, analytics and market data (including, without limitation, any information technology hardware, software or other technology incorporated into the cost of obtaining such research and market data); due diligence expenses including, without limitation, consulting and appraisal fees; investment-related travel expenses; brokerage and prime brokerage fees, commissions and expenses; expenses relating to

reorganizations, restructurings and workouts; expenses relating to short sales; clearing and settlement charges; custodial fees and expenses; bank service fees; interest expenses and fees related to financings or refinancings (including the costs of negotiating, documenting and/or amending agreements with prime brokers, ISDAs and other agreements with trading and financing counterparties); fees and expenses of proxy research and voting services; broken deal expenses; and fees and expenses of third-party professionals, including, without limitation, consultants, investment bankers, attorneys and accountants; (iii) organizational expenses, including, without limitation, the following: the preparation and amendment of the offering documents, investment management agreements, limited partnership agreements, and the subscription agreements of the Funds; and (iv) operational expenses, including, without limitation, the following: fees and expenses relating to information technology hardware, software or other technology (including, without limitation, costs of software licensing, implementation, data management and recovery services and custom development) used to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions, facilitate compliance with the rules of any self-regulatory organization or applicable law (including, without limitation, reporting obligations) in connection with the activities of the Funds, or any trading subsidiary, facilitate and manage the order execution of securities or otherwise manage the Funds, or any trading subsidiary, such as Bloomberg terminals, portfolio management systems, risk management systems and order management systems; fees and expenses of third-party risk management products, models and services; third-party administrative fees and expenses (including fees and expenses of the administrator and any middle office and/or back office service provider); loan administration costs; fees and expenses of third-party professionals, including, without limitation, consultants, valuation service providers, attorneys and accountants; the costs of any litigation or investigation involving activities of the Funds, or any trading subsidiary; third-party audit and tax preparation expenses; insurance expenses, including, without limitation, allocable premiums for cybersecurity insurance and liability insurance (including directors and officers liability insurance and errors and omission insurance) covering the Funds, Marble Ridge, its affiliates and the members, partners, officers, employees and agents of any of them, and each member of any advisory committee; fees, expenses (including, without limitation, expenses related to the organization and conduct of directors' and shareholders' meetings (including, without limitation, travel, lodging and meal expenses), and director registration fees) and salaries of any trading subsidiary's directors and officers; fees and expenses of the advisory committee; costs of preparing and distributing reports and notices; entity-level taxes; expenses incurred in connection with negotiating and complying with provisions of any side letter agreement; fees and expenses related to compliance with the rules of any self-regulatory organization or applicable law and regulation in connection with the activities of the Funds, or any trading subsidiary, including, without limitation, any governmental, regulatory, licensing, filing or registration fees or taxes (including, without limitation, fees and expenses incurred in connection with the preparation and filing of Form PF, Section 13 filings, Section 16 filings and other similar regulatory filings, and any filings or reporting with respect to compliance with FATCA or similar laws enacted in other jurisdictions, as well as any foreign tax regime registrations, tax filings and associated annual fees and expenses), and any fees and expenses related to compliance with anti-money laundering laws

and regulations applicable to the Funds)); expenses incurred in connection with the offering and sale of the Interests and other similar expenses related to the Funds, including without limitation, any expenses of Marble Ridge incurred in connection with “world sky” matters and private placement regimes, including the European Alternative Investment Fund Managers Directive, and Form D and blue sky and similar fees and expenses; extraordinary expenses, including, without limitation, the following: indemnification expenses; fees and expenses incurred in connection with any tax audit by any U.S. federal, state or local authority, including, without limitation, any related administrative settlement and judicial review; and fees and expenses incurred in connection with the reorganization, restructuring, dissolution, winding-up or termination of the Funds, or any trading subsidiary.

Certain expenses will be incurred on behalf of one or more Funds. Marble Ridge has discretion and will allocate those common expenses among the Funds in accordance with its expense allocation policies and the governing documents applicable to such Fund. Under its current expense allocation policies, Marble Ridge generally expects to allocate common expenses among the Funds pro rata based on assets under management, however the economic benefit that each of the Funds receives with respect to such expenses may not be the same. Marble Ridge may also use other methods to allocate certain other common expenses among Funds, including methods based on the relative size of the applicable entity or account, the relative use of a product or service, the nature or source of the product or service, the relative benefits derived by the Funds from the product or service, or other relevant facts and circumstances. Expense allocation decisions will involve potential conflicts of interest (e.g., an incentive to favor accounts that pay higher incentive fees, or conflicts relating to different expense arrangements with certain Funds). Further, Marble Ridge’s expense allocations often depend on inherently subjective determinations and, accordingly, the portion of a common expense that Marble Ridge allocates to a Fund for a particular product or service, may not reflect the relative benefit derived by the Fund from that product or service in any particular instance (e.g., research expenses attributable to an investment outside the Fund’s mandate). Expense allocations made by Marble Ridge often depend on inherently subjective determinations, but will be made in good faith will be final and binding on Funds.

Investors in a co-investment vehicle will share in the cost of expenses that are directly attributable to and/or compounded by such co-investment vehicles’ participation in an investment. Factors that will be considered in the allocation of such expenses will include the relative size of the co-investment, the involvement in the due diligence process and the timing of the determination to seek co-investors. It is conceivable that Investors in a co-investment vehicle are simply providing the additional capital required to complete a co-investment transaction would not be expected to share in certain expenses that were largely incurred prior to their involvement.

Expenses borne by one Fund may differ from the expenses borne by another Fund. In certain instances, a Fund may bear expenses that Marble Ridge has agreed to bear for one or more other Funds, or vice versa.

Generally, all expenses borne by the Funds will be debited to all Investors on a pro rata basis in accordance with their ownership percentages. Prospective investors should review the offering documents of the Funds for additional disclosure regarding the expenses that will be borne by the Funds.

Item 12 further describes the factors that Marble Ridge considers in selecting or recommending broker-dealers for transactions and determining the reasonableness of their compensation.

Item 6: Performance Fees & Side-by-Side Management

Performance-Based Compensation

Marble Ridge (or an affiliate) will receive a performance-based fee or allocation ("Performance Compensation") based on a share of realized and/or unrealized net profits of a Fund. The Performance Compensation rate for the Flagship Funds ranges from 15% to 20% of net profits, subject to a loss carryforward. Performance Compensation is generally payable as of the end of each year and upon withdrawals. Performance Compensation is charged by Marble Ridge (or an affiliated entity) in compliance with Rule 205-3 under the Advisers Act.

Marble Ridge (or an affiliate) has discretion to charge Performance Compensation that is different than what is disclosed in this Brochure, the applicable Fund offering documents and investment management agreements and which may be payable on different terms. Marble Ridge (or an affiliate) may reduce, waive or calculate differently the Performance Compensation with respect to the investment of one or more Investors, including its affiliates, their respective members, partners and employees, and certain large or strategic investors, without notifying the other Investors in the applicable Fund; provided, however, that no such reduction, waiver, or calculation will adversely impact any other Investor or cause them to bear a higher portion of the Performance Compensation than they would bear absent such reduction, waiver or calculation. In addition, investment vehicles that are established for co-investment purposes are subject to different fees and different (i) "loss carryforward" or "underperformance carryforward" provisions, (ii) hurdles or preferred returns and/or (iii) "clawback" provisions.

Side by Side Management

The fact that Marble Ridge is compensated based on the trading profits may create an incentive for Marble Ridge to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. The level of Performance Compensation described above may also vary among the Funds. Marble Ridge may receive higher performance-based compensation from certain Funds. In addition, the Performance Compensation received by Marble Ridge is based primarily on realized and unrealized gains and losses. As a result, the Performance Compensation earned could be based on unrealized gains that the Fund may never realize.

To address these conflicts, Marble Ridge has implemented policies and procedures that govern the allocation of transactions and investment opportunities across multiple Funds. Marble Ridge undertakes regular monitoring for consistency with the Funds objectives, strategies, and target capacity. In addition, Marble Ridge seeks to carefully consider the risks involved in any investments and provide extensive disclosure to Investors regarding the potential risks that come with an investment in the Funds, including disclosure as to how performance-based compensation is charged. For a variety of reasons, investment opportunities and specific trades may not be allocated to an account or may be allocated differently among accounts (e.g., not on a pro rata basis). Specifically, Marble Ridge has adopted a written policy pursuant to which it seeks

to allocate investment opportunities and specific trades among Funds in a fair and equitable manner, bearing in mind, among other things, the size, investment objectives, risk tolerance, return targets, diversification considerations, permissible and preferred asset classes, and liquidity needs of each Fund. Final allocation decisions are under the purview of Marble Ridge. Supporting documentation for trade allocations are reviewed by the Chief Compliance Officer to determine compliance with established policies and procedures.

Co-Investment Vehicles

Co-investments are generally defined as an investment in a client account made alongside the Flagship Funds. Marble Ridge may, in its sole discretion, offer co-investment opportunities to invest alongside the Flagship Funds with respect to certain investments if, among other reasons, (i) the Flagship Funds' investment exposure is deemed to have been maximized, (ii) additional capital is required to help ensure the success of the investment or (iii) such co-investments are otherwise deemed to be beneficial to the success of the Flagship Funds' investment. Due to the unique nature of co-investment vehicles, which tend to have narrow investment mandates and concentrated portfolios, Marble Ridge, in its sole discretion, can vary significantly the target allocation for overlapping investments between the Flagship Funds and a co-investment vehicle.

Marble Ridge may, but is not required to, provide co-investment opportunities to existing Investors and/or other third parties not affiliated with Marble Ridge. When offering a co-investment opportunity to a particular third party, Marble Ridge considers a variety of factors, including but not limited to, (i) the potential co-investor's interest in co-investments; (ii) the potential co-investor's willingness to pay fees and expenses associated with the co-investment opportunity; (iii) the potential co-investor's capacity to evaluate, commit to and fund the co-investment opportunity (and any follow-on investments) in the time period required; (iv) the potential co-investor's reliability and history of making similar co-investments; (v) the character or nature of the co-investment opportunity, including its size, structure, geographic location, relevant industry, and tax characteristics; (vi) any specialized knowledge, skills or access that Marble Ridge believes the potential co-investor may possess that may enhance the value of a proposed investment and/or the ability of the vehicle to consummate that investment; (vii) whether the co-investor may provide strategic value to Marble Ridge or the Funds; (viii) the level of demand for participation in the co-investment opportunity; (ix) the potential co-investor's interest in investing in the Funds or other vehicles or accounts managed by Marble Ridge, including previously expressed interest in participating in co-investment opportunities; and (x) any other matter that causes Marble Ridge to believe that an investment by a particular co-investor would be in the best interests of the vehicle. In certain cases, Marble Ridge may have contractual obligations dictating which investors must be offered their pro-rata share or more of a co-investment opportunity.

The terms applicable to any co-investment opportunity will be established in the sole discretion of Marble Ridge, and co-investors may not be subject to any asset-based compensation or performance based compensation in relation to the co-investment opportunity. Further, any asset-based compensation and performance-based compensation arrangements that are imposed

upon a co-investment vehicle or another co-investor may, in the sole discretion of Marble Ridge, vary from those payable by the Flagship Funds that is also participating in the co-investment.

Valuation

Marble Ridge (or its affiliate) has ultimate contractual responsibility for valuation pursuant to each Fund's governing and disclosure documents. A conflict may arise with respect to this responsibility given the management fee and performance allocation to be paid to Marble Ridge (or its affiliate). Such compensation arrangements may create an incentive for Marble Ridge (or its affiliate) to make investments that are riskier or more speculative than would be the case if such were not in effect.

Item 7: Types of Clients

Marble Ridge provides investment advisory services to Funds, as stated in the “Advisory Business” section above.

The Funds are pooled private investment funds that are offered to institutional investors, as well as high-net-worth, financially sophisticated individual investors. Interests in the Funds are not registered under the Securities Act of 1933, as amended, and such Funds are not registered under the Investment Company Act of 1940, as amended. Accordingly, interests in the Funds are offered and sold exclusively to Investors satisfying the applicable eligibility and suitability requirements either in private transactions within the United States or in offshore transactions.

A minimum initial investment of \$1,000,000 is generally required to invest the Flagship Funds. However, Marble Ridge, in its sole discretion, may accept an investment of a lesser amount as long as the Investor qualifies to invest based on all other suitability and regulatory requirements applicable to each fund. Marble Ridge may decline to accept the subscription of any prospective investor.

Marble Ridge and the Funds have entered into and may in the future enter into additional letter agreements or other similar agreements with one or more Investors of a Fund whereby such Investor may be subject to terms and conditions that are additional and/or different than those set forth in the offering memorandum for the given Fund. For example, such terms and conditions may provide for special rights to make future investments in the Fund or capacity rights; special withdrawal/redemption rights, including relating to frequency or notice; a waiver or rebate in fees to be paid; key man notification rights; rights to receive reports from the Fund on a more frequent basis or that include information not provided to other Investors and such other rights, standards, waivers or modifications as may be negotiated by the Fund and such Investors. Marble Ridge will not be required to notify any or all of the other Investors of any such written agreements or any of the rights and/or terms or provisions thereof, nor will Marble Ridge be required to offer such additional and/or different rights and/or terms to any or all of the other Investors. Investors may, upon request, obtain increased transparency with respect to a Fund, which may include information about such Fund’s portfolio and positions. This increased transparency may occur in various forms including, but not limited to, more frequent meetings or conferences that the Investor schedules with Marble Ridge, at which more in-depth discussions regarding the Fund will typically occur.

In connection with subscriptions by Investors in the Funds, the Funds may accept subscriptions from Investors who also provide services to the Funds, including individuals who are affiliated with brokers. Relationships such as these could be viewed as creating a conflict of interest. The governing documents for the Funds do not prohibit Marble Ridge from engaging in any business activities with Investors who are brokers or individuals who are affiliated with brokers. As a result, Marble Ridge, subject to Marble Ridge’s best execution policy, may from time to time place trades with brokers who are Investors in the Funds or individuals who are affiliated with such brokers.

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

Methods of Analysis

Marble Ridge employs a value-oriented approach to distressed investing combining elements of traditional value investing with event and legal analysis. The Flagship Funds' value-oriented approach seeks to identify event- or process- specific situations where securities are trading at a significant discount (or premium) to their intrinsic value.

Marble Ridge will seek to assess the value of a company, its prospects and the macro-economic environment in which it operates. Marble Ridge will analyze a company's financial statements, assess recovery waterfalls and growth/liquidation prospects and also consider the company's customer base, competitors, suppliers, management and ownership structure as well as industry trends, competitive landscape and macro-economic conditions.

The Flagship Funds' portfolios are constructed utilizing allocations to the following risk exposures: Capital Protection, Exposed Credit, Relative Value and Equity-like. Marble Ridge's allocation of the portfolio across these categories will be dependent upon its assessment of technical and economic market indicators. Marble Ridge seeks to analyze each investment on an absolute risk-return basis, focusing on asymmetry, risk/reward, pathway to monetization and level of conviction to determine position sizing within each risk category.

The Flagship Funds' investment portfolios may be significantly concentrated, with a small number of investments comprising a substantial majority of the portfolio, depending on the market cycle and opportunity set. Marble Ridge seeks to diversify the investment portfolio across industries and geographies.

Investment Strategies

The Flagship Funds' principal investment objective is to achieve superior risk-adjusted returns throughout market cycles by making opportunistic investments across the capital structures of companies that are expected to undergo some form of corporate event or restructuring. The Flagship Funds seek to minimize its correlation to the broader markets by concentrating the portfolio in event- and process- specific investments which are less dependent on the broader securities markets. The Flagship Funds focus on complex or misunderstood situations where securities trade at a significant discount (or premium) to intrinsic value with a path to monetization that can be realized through situation-specific catalysts, such as legal, regulatory and/or other process-related events. To achieve the Flagship Funds' goals, Marble Ridge focuses primarily on in- and out-of-court restructurings and reorganizations, industry dislocations, misunderstood businesses, recapitalizations, exchange offers, liquidations, substantive litigations, sovereign debt and other special situations where the market may be mispricing an asset's intrinsic value. The Flagship Funds invest, both long and short, across the capital structure of companies in bank debt, bonds, convertible instruments, trade claims, credit default swaps,

preferred stock, common stock and structured products, with a primary emphasis on credit instruments. The Flagship Funds may invest in any global jurisdiction but intends to primarily focus on North America.

An investment in the Funds involves a significant degree of risk including the loss of capital. Each potential investor should carefully evaluate the following considerations before investing in either Fund.

Material Risks

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds advised by Marble Ridge. These risk factors include only those risks Marble Ridge believes to be material, significant or unusual and relate to particular significant investment strategies, methods of analysis or types of securities used by Marble Ridge. For a more detailed list of risk factors applicable to a particular Fund, please refer to the relevant Funds' offering memorandum.

Operating History

Past performance of the Funds, the Principal, and their affiliates is not indicative of future results and there can be no assurance that the Funds will achieve similar results in the future. Accordingly, prospective investors should draw no conclusions from the prior performance of the Funds, Principal and their affiliates and should not expect the Funds to necessarily achieve similar results.

Dependence on Key Individual

Investors will not have authority to make decisions or to exercise business discretion on behalf of the Funds. The success of the Funds depends upon the ability of Marble Ridge to develop and implement investment strategies that achieve the Funds' investment objective. The Funds' performance is highly dependent on the services of the Principal. If the Funds were to lose the services of the Principal, the consequence to the Funds could be material and adverse and could lead to the premature termination of the Funds. The Funds' performance is also dependent on the talents and efforts of other highly skilled individuals. Competition in the financial services, private equity and alternative asset management industries for qualified investment professionals is intense. Marble Ridge's ability to effectively manage the Funds' portfolio depends on the ability of Marble Ridge and its affiliates to attract new employees and to retain and motivate current employees.

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 less than 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 Marble Ridge will correctly evaluate the value of the assets underlying 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 investors adequately for the risks assumed.

Risks Associated with Non-Performing Loans

The loans purchased by Marble Ridge for the Funds may be non-performing and possibly in default. Furthermore, the obligor and/or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments with respect to the loans. By their nature, these investments will involve a high degree of risk. Such non-performing loans ("NPLs") may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of the principal of the loan and/or the deferral of payments. Commercial and industrial loans in workout and/or restructuring modes and the bankruptcy or insolvency laws of non-U.S. jurisdictions are subject to additional potential liabilities, which may exceed the value of the Funds' original investment. For example, borrowers often resist foreclosure on collateral by asserting numerous claims, counterclaims and defenses against the holder of loans, including lender liability claims and defenses, in an effort to delay or prevent foreclosure. Even assuming that the collateral securing each loan provides adequate security for the loans, substantial delays could be encountered in connection with the liquidation of NPLs. In the event of a default by a borrower, these restrictions as well as the ability of the borrower to file for bankruptcy protection, among other things, may impede the ability to foreclose on or sell the collateral or to obtain net liquidation proceeds sufficient to repay all amounts due on the related loan. In addition, under certain circumstances, lenders who 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. Under certain circumstances, payments to the Funds and distributions by the Funds to the participating Investors may be

reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Significant Positions; Shareholder Activism

The Funds may take significant positions in portfolio companies that result in the Funds acquiring (i) more than five percent (5%) of a class of securities of a single issuer which would require the filing of a Schedule 13D or 13G statement with the SEC, or (ii) more than ten percent (10%) of a class of securities of a single issuer (which would impose certain limitations on the Funds' ability to trade in such securities, including the restrictions of Section 16 of the Exchange Act.

At times the Funds may engage in proxy contests, takeover bids, shareholder class actions or other litigation, or other activity which may place the Funds in a high-profile position which is adverse to issuer management and/or other security holders. The Funds may, as a result of such techniques or otherwise, obtain a controlling or other substantial position in any public or private company. The Funds may become subject to regulatory proceedings or other litigation.

At various times, Marble Ridge may agree with unrelated third parties to coordinate investments in activist positions. If any such third parties suffer damage to their reputation, the Funds may also incur damage to its reputation as a result of the group association. Marble Ridge may agree with such parties not to purchase and/or sell the applicable securities or related securities without the consent of such parties and may agree with such parties to vote or not to vote such securities in a certain manner. This may result in the Funds being unable to engage in certain transactions when Marble Ridge would otherwise deem it desirable. Under U.S. law, the formation of a "group" may result in the Funds' being deemed to own in excess of ten percent (10%) of an issuer's securities even when the Funds' position itself is less than ten percent (10%) thereby resulting in "short-swing" transaction reporting and potential forfeiture obligations.

The Funds' ability to realize value from certain of its positions may depend upon the ability of Marble Ridge to influence the management of a portfolio company to take certain actions, including, for example, a recapitalization, restructuring, spin-off, sale of the business or change in management. If the Marble Ridge is incorrect in its assessment of the impact such action will have on the value of the portfolio company, or if it is unsuccessful in persuading the portfolio company's management to take the desired action, the Funds may sustain a loss on its position.

Bank Loans

The Funds' investment program may include investments in significant amounts of bank loans, assignments and participations. These obligations are subject to unique risks, including, without limitation: (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 caused by the lack of privacy with the borrower for the Funds to directly enforce their rights against the borrower as well as limitations on the rights of a participant to vote on amendments and modifications of the credit

documentation. In analyzing each bank loan, assignment or participation, Marble Ridge compares the relative significance of the risks with 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

The Funds 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 U.S. 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.

Credit Default Swaps

The Funds may invest in credit default swaps. A credit default swap is a contract which transfers the risk of loss if a company incurs a credit default, such as by failing to pay principal or interest on time or by filing for bankruptcy. In essence, an institution which owns corporate debt instruments can purchase a limited form of default protection by entering into a credit default swap with another bank, broker-dealer or financial intermediary. Upon an event of default, the swap may be terminated in one of two ways: (i) by the purchaser of credit protection delivering the referenced instrument to the swap counterparty and receiving a payment of par value, or (ii) by the parties pairing off payments, with the purchaser of the protection receiving a payment equal to the par value of the reference security less the price at which the reference security trades subsequent to default. The first way is the more common form of credit default swap termination.

In the manner described above, credit default swaps can be used to hedge a portion of the default risk on a single corporate bond or a portfolio of bonds. The Funds may also “purchase” credit default protection even in the case in which it does not own the referenced instrument if, in the judgment of Marble Ridge, there is a high likelihood of credit deterioration.

As a buyer of credit default swaps, the Funds are subject to certain risks. In circumstances in which the Funds do not own the debt securities that are deliverable under a credit default swap, the Funds are exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a “credit event” triggering the seller’s payment obligation had occurred. In either of these cases, the Funds would not be able to realize the full value of the credit default swap upon a default by the reference entity.

As a seller of credit default swaps, the Funds incur leveraged exposure to the credit of the reference entity and are subject to many of the same risks it would incur if it were holding debt

securities issued by the reference entity. However, the Funds will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity's debt obligations. In addition, the credit default swap buyer will have broad discretion to select which of the reference entity's debt obligations to deliver to the Funds following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the Funds.

Litigation

Reorganizations and other distressed situations 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. Marble Ridge anticipates that Marble Ridge, the Funds and perhaps certain of the Funds' larger investors may be named as defendants in civil proceedings. For example, Marble Ridge may challenge action sought to be taken by an issuer that Marble Ridge believes will have an adverse impact upon the value of a class of such issuer's securities. In such case, either the issuer itself, or other market participants with positions adverse to that of the Funds, may institute litigation against the Funds challenging their activist conduct. Alternatively, Marble Ridge may initiate litigation as a tool to further activist goals, and such litigation may precipitate counterclaims. Litigation, even if successful, is often expensive. Unsuccessful litigation could result in losses to the Funds. The expense of defending against claims brought by third parties, bringing claims against 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. There can be no assurance that the Marble Ridge's approach and strategy toward any litigation will be successful.

Non-Performing Nature of Debt

It is anticipated that certain debt instruments purchased by Marble Ridge for the Funds 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 considered to be below "investment grade" and 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. If the Funds invest in bonds of issuers that do not have publicly traded equity securities, it may be more difficult to hedge the risks associated with such investments.

In certain periods, there may be little or no liquidity in markets for these securities. Furthermore, it is likely that a major economic recession or financial crisis could have a materially adverse impact on the value of such securities. High yield securities have historically experienced greater default rates than has been the case for investment grade securities. Companies that issue such

securities are often highly leveraged and may not have access to more traditional methods of financing. The market values of certain of these lower-rated 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. The markets for high yield securities tend to be more volatile, less liquid and less active than those for higher-rated securities, which can adversely affect the price at which these securities can be sold and may make it impractical or impossible to sell such securities at times of market dislocation. Such securities are generally not exchange-traded and Marble Ridge may not have access to the same level of information as securities traded on recognized exchanges.

Equity Securities

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

Mortgage-Backed Securities

The investment characteristics of mortgage-backed securities ("MBS") differ from traditional corporate debt securities. Among the major differences between MBS and traditional corporate debt securities are that interest and principal payments are made more frequently, usually monthly, that payments are only made in respect of defined assets and that the principal typically may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time.

Trading in MBS involves certain unique risks. These risks include the failure of a counterparty to meet its commitments, adverse interest rate changes and the effects of prepayments on mortgage cash flows. With respect to interest rate risks, when interest rates decline, the value of the Funds' positions in fixed rate MBS can be expected to rise. Conversely, when interest rates rise, the value of the Funds' positions in fixed rate MBS can be expected to decline. In contrast, as interest rates on adjustable rate mortgage loans are reset periodically, yields on the Funds' positions in MBS tied to such loans will gradually align themselves to reflect changes in market interest rates, causing the value of such positions to fluctuate less dramatically in response to interest rate fluctuations than would positions in fixed rate obligations. In addition to trading in variable rate MBS, including adjustable-rate mortgage securities that are backed by mortgages with variable rates, the Funds may also trade in collateralized-mortgage obligation derivatives that pay a rate of interest that varies with a specified index. The value of these securities can fluctuate significantly with the level of the specified indices as well as anticipated movements of the indices. The variable rate nature of these securities introduces another risk that must be measured

and hedged. It is possible that this variable rate risk may interact in a complex form with the imbedded prepayment risk of the security, making it difficult to hedge the instrument.

Further, the yield characteristics of MBS differ from those of traditional fixed-income securities. The major differences typically include more frequent interest and principal payments (usually monthly), the adjustability of interest rates, and the possibility that prepayments of principal may be made rapidly or slowly and may vary dramatically over the life of a security. These differences can result in significantly greater price and yield volatility than is the case with traditional fixed-income securities. In general, “premium” securities will be adversely affected by faster than anticipated prepayments, while “discount” securities will be adversely affected by slower than anticipated prepayments. In some cases, price and yield volatility can be substantial.

Prepayment rates are influenced by changes in current interest rates and a variety of economic, geographic, social, and other factors, and cannot be predicted with certainty. Both adjustable rate mortgage loans and fixed rate mortgage loans may be subject to a greater rate of principal prepayments in a declining interest rate environment and to a lesser rate of principal prepayments in an increasing interest rate environment. Under certain interest rate and prepayment rate scenarios, the Funds may fail to recoup fully capital allocated to MBS notwithstanding any direct or indirect governmental or agency guarantee. When the Funds reinvest amounts representing payments and unscheduled prepayments of principal, it may receive a rate of interest that is lower than the rate on existing adjustable rate mortgage pass-through securities. Thus, MBS, and adjustable rate mortgage pass-through securities in particular, may be less effective than other types of U.S. Government securities as a means of “locking in” interest rates.

Asset-Backed Securities

The investment characteristics of asset-backed securities (“ABS”) differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that the principal may be prepaid at any time because the underlying loans or other assets generally may be prepaid at any time.

ABS are not secured by an interest in the related collateral. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the underlying obligations. If the servicer were to sell these obligations to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a proper security interest in all of the obligations backing such ABS. Therefore, there is a possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on these securities. The risk of investing in ABS is ultimately dependent upon payment of consumer loans by the debtor.

The collateral supporting ABS is of shorter maturity than certain other types of loans and is less likely to experience substantial prepayments. ABS are often backed by pools of any variety of assets, including, for example, leases, mobile home loans and aircraft leases, which represent the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the servicing agent for the loan pool, the originator of the loans or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

Additional risks relating to investing in ABS may arise from the complexity of the ABS structure, variety and number of assets and quality of service providers responsible for managing monthly principal and interest payments on behalf of lenders.

Collateralized Debt Obligations

The Funds may invest in collateralized debt obligations and collateralized loan obligations (collectively, "CDOs"). The Funds' portfolio may include a variety of different types of products including CDO senior debt securities, mezzanine or junior debt securities and equity securities. CDO securities are subject to credit, liquidity and interest rate risks, which are each discussed in greater detail above. The CDO junior debt securities, and certain CDO junior equity, purchased by the Funds will most likely be unrated or non-investment grade. As holders of CDO equity, the Funds will have limited remedies available upon the default of the CDO. CDOs often invest in concentrated portfolios of assets. The concentration of an underlying portfolio in any one obligor would subject the related CDOs to a greater degree of risk with respect to defaults by such obligor and the concentration of a portfolio in any one industry would subject the related CDOs to a greater degree of risk with respect to economic downturns relating to such industry. The value of the CDO securities owned by the Funds generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related CDO ("CDO Collateral"), general economic conditions, the condition of certain financial markets, political events, legislation and regulations, developments or trends in any particular industry and changes in prevailing interest rates. Consequently, holders of CDO securities must rely solely on distributions on the CDO Collateral or proceeds thereof for payment in respect thereof. If distributions on the CDO Collateral are insufficient to make payments on the CDO securities, no other assets will be available for payment of the deficiency and, following realization of the CDO securities, the obligations of such CDO to pay such deficiency generally will be extinguished. CDO Collateral may consist of securities which often are rated below investment grade (or of equivalent credit quality).

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 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.

The value of a derivative is frequently difficult to determine and depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives of such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives are "leveraged," and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Funds to the possibility of a loss exceeding the original amount invested. Over-the-counter derivatives generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for derivatives is

relatively illiquid. In the case of over-the-counter derivatives contracts, the Funds are subject to the credit risk of the counterparty.

The Funds may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Funds and legally permissible. Special risks may apply to instruments that are invested in by the Funds in the future that cannot be determined at this time or until such instruments are developed or invested in by the Funds.

Short Selling

Short selling involves selling securities which are not owned by the short seller and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the 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 Marble Ridge's investment strategy and opportunities. When the Funds make a short sale in the United States, they must leave the proceeds thereof with the broker and must also deposit with the broker an amount of cash or U.S. government or other securities sufficient under current margin regulations to collateralize their obligation to replace the borrowed securities that have been sold. If short sales are effected on a foreign exchange, such transactions will be governed by local law. 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.

Hedging Transactions

The Funds may utilize financial instruments, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Funds' investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Funds' unrealized gains in the value of the Funds' investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Funds' portfolio; (v) hedge the interest rate or currency exchange rate on any of the Funds' liabilities or assets; (vi) protect against any increase in the price of any securities the Funds anticipate purchasing at a later date; or (vii) for any other reason that Marble Ridge deems appropriate.

The success of the Funds' hedging strategy will depend, in part, upon Marble Ridge's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Funds' hedging strategy will also be subject to Marble Ridge's ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if it had not engaged in such hedging transactions.

Leverage

The Funds may, from time to time, leverage their capital because Marble Ridge believes that the use of leverage may enable the Funds to achieve a higher rate of return. Accordingly, the Funds may pledge 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.

If the interest expense on borrowings were to exceed the net return on the positions acquired with borrowed funds, the Funds' use of leverage would result in a lower rate of return than if the Funds were not leveraged. If the amount of borrowings which the Funds may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of the Funds' portfolios will have a disproportionately large effect in relation to its capital and the possibilities for profit and the risk of loss will therefore be increased. Any gains made with the additional amounts borrowed will generally cause the value of the Funds' assets to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional amounts fails to cover their cost to the Funds, the value of the Funds' assets will generally decline faster than would otherwise be the case. The amount of any borrowing may also be limited by regulations imposed by the Federal Reserve Board or by the availability and cost of credit, as well as due to overall market conditions. If, due to market fluctuations or other reasons, the value of the Funds' assets should fall below required regulatory or counterparty imposed levels, the Funds will be required to reduce its debt by selling securities in its long portfolio. The Funds may also be unable to carry-out its investment program if it is not able to obtain leverage on reasonable terms.

In the case of derivative instruments, because many derivatives are "leveraged," such instruments provide significantly more market exposure than the money paid or deposited when the transaction is entered into and, thus, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the Funds to the possibility of a loss exceeding the original amount invested.

In addition, in transactions involving derivative instruments, counterparties and lenders will likely require the Funds to post collateral to support its obligations. Should the securities and other assets pledged as collateral decline in value, or should brokers increase their maintenance margin requirements (i.e., reduce the percentage of a position that can be financed), the Funds

could be subject to a “margin call” pursuant to which they must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged assets to compensate for the decline in value. In the event of a precipitous drop in the value of pledged securities, the Funds might not be able to liquidate assets quickly enough to pay off the margin debt or provide additional collateral and may suffer mandatory liquidation of positions in a declining market at relatively low prices, thereby incurring substantial losses. Furthermore, secured counterparties and lenders will generally have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of collateral posted by the Funds. This could increase exposure to the risk of a counterparty default since, under such circumstances, the Funds may be unable to recover the posted collateral promptly or may be unable to recover all of the posted collateral.

Marble Ridge may engage in the trading of options on futures for the account of the Funds, typically for hedging purposes. If Marble Ridge, on behalf of the Funds, buys an option (either to sell or buy a futures contract or commodity), the Funds will be required to pay a “premium” representing the market value of the option. Unless the price of the futures contract or commodity underlying the option changes and it becomes profitable to exercise or offset the option before it expires, the Funds may lose the entire amount of the premium.

Co-Investments with Third Parties

The Funds may co-invest with existing or prospective investors and/or third parties through joint ventures or other entities. Third-party involvement with an investment may negatively impact the returns of such investment if, for example, the third-party co-investor has financial difficulties, has economic or business interests or goals that are inconsistent with those of the Funds or is in a position to take (or block) action in a manner contrary to the Funds’ investment objective. In circumstances where such third parties involve a management group, such third parties may enter into compensation arrangements relating to such investments, including incentive compensation arrangements. Such compensation arrangements may reduce the returns to participants in the investments.

Cybersecurity Risk

As part of its business, Marble Ridge processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of the Investors. Similarly, service providers of Marble Ridge and the Funds, especially the administrator, may process, store and transmit such information. Marble Ridge has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. Marble Ridge and its service providers may still be subject to operational and information security risks resulting from cyberattacks. Cyberattacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial of service attacks on websites, the unauthorized release of confidential information or various other forms of cybersecurity breaches. 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 Marble Ridge may be susceptible to compromise, leading to a breach of Marble Ridge's network. Marble Ridge's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by Marble Ridge to Investors may also be susceptible to compromise. Breach of the Marble Ridge's information systems may cause information relating to the transactions of Funds and personally identifiable information of Investors to be lost or improperly accessed, used or disclosed.

Marble Ridge and its Funds may also be the targets of cyber-fraud that could result in the theft of assets from the Funds, especially as computer malware, viruses and computer hacking, fraudulent use attempts and phishing and spoofing attacks have become more prevalent. In the hedge fund industry, these attacks have included third party actors submitting fraudulent withdrawal and transfer requests, resulting in the theft of the rightful investor's assets. The Funds and their service providers may incur additional costs relating to cybersecurity preparations, and such preparations, though taken in good faith, may be inadequate. Cyberattacks are viewed as an emerging risk and the scope of the risk and related mitigation techniques are not yet fully understood and are subject to continuing change.

It is critical that the Funds, Investors and prospective investors refer to the relevant confidential private offering memorandum, explanatory memorandum and/or other governing documents for a complete understanding of the material risks involved in relation to the Funds' investment strategies and methods of analysis. The information contained herein is a summary only and is qualified in its entirety by such documents.

Item 9: Disciplinary Information

Marble Ridge has no legal or disciplinary events to report that would impact the evaluation by an investor or prospective investor or the integrity of our management.

Item 10: Other Financial Industry Activities and Affiliations

None of Marble Ridge, its partners, members or employees are registered, nor do any of the foregoing have any application pending to register, with the SEC as a broker-dealer or a registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or associated person of any of the foregoing entities.

Marble Ridge Capital GP LLC, MRC Opportunities Fund I GP LLC and MRC Opportunities Fund GP LLC (collectively, the “General Partners”) are affiliates of Marble Ridge and each serve as general partner to their respective Funds. Marble Ridge, the General Partners, their members, principal, managers, affiliates and employees may engage in other activities, including providing investment management and advisory services to other accounts, and shall not be required to refrain from any activity, to disgorge profits from any such activity or to devote all or any particular amount of time or effort of any of their officers, directors or employees to each Fund and its affairs. Marble Ridge, the General Partners, their members, principal, managers, affiliates and employees are not restricted from forming managed accounts or other investment Funds, from entering into other investment advisory relationships, or from engaging in other business activities, even though such activities may be in competition with the Funds and/or may involve substantial time and resources. These activities could be viewed as creating a conflict of interest in that the time and effort of Marble Ridge, the General Partners, their members, principal, managers, affiliates and employees will not be devoted exclusively to the business of the Funds, but will be allocated between the business of the Funds and other business activities.

Item 11: Code of Ethics

Marble Ridge has adopted a Code of Ethics (the “Code”) that sets forth standards of ethical conduct for covered persons and is designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act. Among other things, the Code obligates Marble Ridge and its covered persons to put the interests of Marble Ridge’s clients before their own interests and to act honestly and fairly in all respects in their dealings with clients. In addition, to comply with Marble Ridge’s policies and procedures, all of Marble Ridge’s covered persons are also required to comply with applicable federal securities laws.

Investors may obtain a copy of the Code by contacting Marble Ridge’s Chief Compliance Officer.

Marble Ridge, in the course of its investment management and other activities, may come into possession of confidential or material non-public information. Marble Ridge is prohibited from improperly disclosing or using such information for its own benefit or for the benefit of any other person, regardless of whether such other person is a client. Marble Ridge maintains and enforces written policies and procedures that prohibit the communication of such information to persons who do not have a legitimate need to know such information and to assure that Marble Ridge is meeting its obligations to clients and remains in compliance with applicable law. As a result of these and other circumstances, Marble Ridge maintains a ‘Restricted List’ containing the names of issuers whose securities are not eligible for purchase or sale on behalf of covered persons and/or the Funds. Due to these restrictions, Marble Ridge may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

Marble Ridge or its affiliates, may elect to serve on creditors’ committees, official or unofficial, 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 which are represented by such committee or group. If Marble Ridge 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, if Marble Ridge serves on a committee or group, Marble Ridge 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.

Marble Ridge recognizes the potential conflict when employees of an investment adviser make transactions in their personal securities accounts. Marble Ridge reduces this risk by requiring covered persons to pre-clear all transactions in reportable securities in their personal accounts with the Chief Compliance Officer, who may deny permission to execute the transaction if such transaction would have an adverse impact on Marble Ridge’s clients. All of Marble Ridge’s covered persons are required to provide account statements of reportable securities on at least a quarterly basis or alternatively to disclose their reportable securities transactions on a quarterly basis. Marble Ridge’s covered persons are also required to provide holdings reports upon the

commencement of their employment with Marble Ridge and on an annual basis thereafter. Trading in employee accounts is reviewed by the Chief Compliance Officer in order to reasonably prevent conflicts of interest between Marble Ridge and its Funds.

Item 12: Brokerage Practices

Best Execution

Marble Ridge generally has full discretionary authority to manage client assets. Marble Ridge typically has the authority to determine (i) the instruments to be purchased and sold for the Fund (subject to restrictions on its activities set forth in the applicable investment management agreement and any written investment guidelines), and (ii) the amount of securities to be purchased or sold for the Fund, in each case without obtaining Fund consent to specific transactions. Marble Ridge is also authorized to determine the broker or dealer it will use for each securities transaction for its Funds, the amount and price of those securities as well as the commissions to be paid, and places transactions with brokers consistent with its duty to seek to obtain best execution.

Marble Ridge considers a number of factors in selecting a broker or dealer to execute transactions (or series of transactions) and determining the reasonableness of the broker or dealer's compensation. Such factors may include, among others, the financial stability and creditworthiness of the broker or dealer; willingness and ability of a counterparty to make a market in the securities or other financial instruments; the actual executed price of the security or other financial instrument and the commission rates/dealer spreads; research (including economic forecasts, investment strategy advice, fundamental and technical advice on individual securities, valuation advice and market analysis); the size and type of the transaction; the difficulty of execution and the ability to handle difficult transactions; market knowledge; and the operational facilities of the brokers and/or dealers involved (including back office efficiency and ability to communicate and settle trades reliably). In selecting brokers or dealers to execute transactions, Marble Ridge need not solicit competitive bids and does not have an obligation to seek the lowest available commission or dealer spread. It is not Marble Ridge's practice to negotiate "execution only" commission rates, thus a client may be deemed to be paying for research, brokerage or other services provided by a broker or dealer which are included in the commission or spread.

Soft Dollar Arrangements

Marble Ridge does not currently participate in any formal soft dollar arrangements.

Trade Aggregation and Allocation

In aggregating and allocating investments among clients, Marble Ridge's policy is that all clients should be treated fairly. Co-investment opportunities to invest alongside the Flagship Funds with respect to certain investments are generally offered to if, among other reasons, (i) the Flagship Funds' investment exposure is deemed to have been maximized, (ii) additional capital is required to help ensure the success of the investment or (iii) such co-investments are otherwise deemed to be beneficial to the success of the Flagship Funds' investment. Due to the unique nature of co-investment vehicles, which tend to have narrow investment mandates and concentrated

portfolios, Marble Ridge, in its sole discretion, can vary significantly the target allocation for overlapping investments between the Flagship Funds and a co-investment vehicle.

Trade Errors

If it appears that a trade error has occurred, Marble Ridge will review the relevant facts and circumstances to determine the appropriate course of action. To the extent that trade errors occur, Marble Ridge's error correction procedure is to ensure that the Funds are treated fairly. Marble Ridge has discretion to resolve a particular error in any appropriate manner that is consistent with the above stated policy. In the event that a Fund incurs a trade error as a result of Marble Ridge's gross negligence, willful misconduct or violation of the standard of care that is applicable to the Fund, Marble Ridge will reimburse the Fund. Trade errors that do not result from Marble Ridge's gross negligence, willful misconduct or violation of the standard of care that is applicable to the Fund will be borne by the Fund.

Item 13: Review of Accounts

Portfolio reviews are primarily conducted by the Principal (as supported by Marble Ridge's trading and operational personnel) on a regular basis. The Principal continuously reviews investments in the Funds' portfolio to ensure that such Funds' investments are consistent with the investment objectives, philosophy, strategy and methodologies as set forth in such Funds' offering documents.

Unless otherwise agreed to, Investors will receive monthly capital statements summarizing their individual performance in the Funds. In addition, Investors will receive quarterly performance updates, in the form of investor letters. On an annual basis, Investors will receive a copy of the applicable Funds' audited financial statements and tax reporting information. Marble Ridge also provides additional information as requested by investors provided that such requests are deemed reasonable in content and scope and that Marble Ridge is prepared to supply the same level of information to other investors who may ask for similar information.

Item 14: Client Referrals and Other Compensation

Marble Ridge does not directly or indirectly compensate any third party for client or investor referrals.

Item 15: Custody

Neither Marble Ridge nor any of its affiliates have physical custody of Advisory Client assets. Advisory Client assets are held in custody by qualified custodians. However, Marble Ridge and certain affiliated entities may be deemed to have custody of client assets through the Funds. Each of Marble Ridge and its affiliates intends to comply with Rule 206(4)-2 of the Advisers Act (the “Custody Rule”) by meeting the conditions of the pooled vehicle annual audit provision. In accordance with the Custody Rule, audited financial statements will be prepared by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, in accordance with generally accepted accounting principles and will be distributed within 120 days of the Funds’ fiscal year end. Each Investor should carefully review these statements upon receipt.

Item 16: Investment Discretion

Marble Ridge provides investment advisory services on a discretionary basis to the Funds. Discretion is exercised in a manner consistent with the investment objectives and strategies described in the investment management agreements or other governing document that sets forth the scope of its discretion.

Item 17: Voting Client Securities

Marble Ridge has adopted Proxy Voting Policies and Procedures (the “Proxy Voting Procedures”) that are designed to ensure that in cases where the Adviser votes proxies with respect to securities held by the Funds, such proxies are voted in the best interests of the Funds. The Proxy Voting Procedures also require that Marble Ridge identify and address any material conflicts of interest between the Adviser and the Funds, make appropriate disclosures, and maintain books and records related to proxy voting.

If a material conflict of interest between Marble Ridge and a Fund exists with respect to voting proxies, Marble Ridge will determine whether voting in accordance with the guidelines set forth in its proxy voting policies and procedures is in the best interests of the Fund. Materiality determinations will be based on an assessment of the particular facts and circumstances and in consultation with outside legal counsel. One or more of the following methods may be used to resolve a conflict, should one arise:

- In the case of a conflict of interest resulting from a particular employee’s personal relationships, removing such employee from the decision-making process with respect to such proxy vote; or
- Any other method as is deemed appropriate under the particular facts and circumstances, given the nature of the conflict.

In voting proxies, Marble Ridge does not consider it feasible or desirable to prescribe in advance comprehensive guidelines as to how it will exercise proxy voting authority in all circumstances. The primary aim of Marble Ridge’s approach to corporate governance issues is to encourage a culture of performance among the companies in which the Funds invest in order to add value to the Funds’ portfolios. Marble Ridge may abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that a Fund’s interests are better served by not voting. For example, voting the proxies of foreign companies may involve a number of logistical problems that may prevent or interfere with Marble Ridge’s ability to vote such proxies.

Investors may obtain copies of the Proxy Voting Procedures and/or voting records of how the firm voted on behalf of the relevant Fund by contacting the Chief Compliance Officer.

Item 18: Financial Information

Registered investment advisers are required to provide certain financial information or disclosures about their financial condition. Marble Ridge has no financial commitment that impairs its ability to meet contractual or fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.