

Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

Name: Luxor Capital Group, LP

Address: 1114 Avenue of the Americas, 28th Floor
New York, New York 10036

Phone Number: (212) 763-8000

Fax Number: (212) 763-8001

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This brochure provides information about the qualifications and business practices of Luxor Capital Group, LP. If you have any questions about the contents of this brochure, please contact us at (212) 763-8000. 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 Luxor Capital Group, LP also is available on the SEC’s website at www.adviserinfo.sec.gov.

Any reference to Luxor Capital Group, LP as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.

Item 2 Material Changes

There are no material changes from Luxor Capital Group, LP's ("Luxor") last annual update of its Form ADV Part 2A, which was dated March 30, 2020, except that the brochure has been updated to reflect certain developments in Luxor's Closed-End Approach (as defined herein) and the launch of new pooled investments vehicles. In light of the foregoing, Luxor has made revisions it deems material to the applicable disclosures required by Items 8 and 10 in addition to certain other updates to its Form ADV Part 2A.

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Item 4 Advisory Business

Luxor is a Delaware limited partnership that was formed in October 2002. Luxor is principally owned by Christian Leone. LCG Holdings, LLC; Luxor Venture Partners GP, LLC; Lugard Road Capital GP, LLC; and LCG Growth GP, LLC (each, a "Relying Adviser") are affiliates of Luxor and are each a "relying adviser" as that term is defined in the Glossary of Terms to Form ADV. The Relying Advisers are principally owned by Christian Leone, except that in the case of Lugard Road Capital GP, LLC, Jonathan Green, who is an employee of Luxor, is a principal owner and Mr. Leone is a principal owner of such Relying Adviser. Luxor also has a wholly-owned subsidiary in the United Kingdom, UKSub Limited, that exclusively provides Luxor with investment research support. The description of Luxor's business and activities throughout this brochure includes the business and activities of the Relying Advisers and Luxor's wholly owned subsidiaries.

Luxor provides discretionary investment advice to private investment funds and may also do so for certain separately managed accounts from time to time. Luxor primarily provides advisory services that can be characterized as a fundamentally driven and opportunistic approach using multiple strategies to invest across the capital structures of U.S. and non-U.S. companies (the "Primary Approach"). In the Primary Approach, Luxor generally trades in a wide variety of securities and financial instruments, domestic and foreign, of all kinds and descriptions, whether publicly traded

or privately placed. Luxor may add to or change its investment approaches over time. Luxor may also consider implementing additional strategies in its discretion.

Under certain circumstances, Luxor will contract with a client to adhere to limited risk and/or operating guidelines imposed by such client. Such arrangements are negotiated on a case by case basis. (See Item 16 “Investment Discretion.”)

As of December 31, 2020, Luxor’s regulatory assets under management were approximately \$11.9 billion, all of which are managed on a discretionary basis.

Luxor also provides advisory services that focus its fundamental research efforts on credit-related investments (the “Credit Approach”). For the Credit Approach, Luxor generally invests in both long and short in debt and debt-related securities, bank loans and other evidences of indebtedness of every kind, whether publicly traded or privately placed.

Luxor also provides advisory services that can be characterized as a private-equity related approach that focuses primarily on private companies (the “Closed-End Approach”). For the Closed-End Approach, Luxor generally acquires investments through direct or indirect investments in companies, negotiations with selling shareholders, and in organized secondary marketplaces for private securities.

From time to time, Luxor advises on a single investment idea when providing Primary Approach and Closed-End Approach advisory services, which may or may not be also characterized as a co-investment opportunity with one or more Open-Ended Clients or Closed-End Clients (each as defined below). When advising on such investment ideas, Luxor will facilitate various investment structuring options, including creating a new class of interests of certain private fund clients and/or creating new series or segregated portfolios to be utilized solely for the investment idea.

Luxor additionally provides certain other limited advisory services to private investment funds related to other investment focuses, including real estate investing.

Clients for which Luxor employs the Primary Approach and the Credit Approach are occasionally referred to in this brochure as the “Open-Ended Clients” where such specification is appropriate in the context. Similarly, the clients for which Luxor employs the Closed-End Approach are occasionally referred to in this brochure as the “Closed-End Clients” where such specification is appropriate in the context.

Item 5 Fees and Compensation

Luxor’s fees and compensation are described in the advisory contracts it enters into with its clients. Management fees are generally paid by Open-Ended Clients to Luxor quarterly in advance, and are deducted from client accounts by Luxor at annual rates of up to 2.25%. Generally, the management fees are not refundable in the event that the advisory contract is cancelled prior to the end of a quarter. Normally, Luxor or its affiliates receives performance-based fees or allocations from client accounts on an annual basis in arrears and/or upon withdrawals/redemptions by investors in the Open-Ended Clients at an annual rate of up to 20% on aggregate net capital appreciations, typically subject to a high-water mark. (See Item 6 “Performance-Based Fees and Side-By-Side Management” below.)

Underlying investors in certain of Luxor's Open-Ended Clients, which provide the right to withdraw capital or redeem interests, may be subject to a withdrawal charge in certain circumstances depending on the classification of interests held and the amounts withdrawn.

In addition to those fees and charges described above, clients may bear and pay all or a portion of additional fees and expenses such as the following non-exhaustive list of items (which may vary from client to client): (i) all fees and expenses associated with the organization and ongoing administration of such private investment funds, including legal and accounting fees, preparation and distribution (including printing and mailing) expenses, government filing fees (such as "world sky" matters and private placement regimes, including Form D and blue sky and similar fees and expenses) and the cost of drafting, updating or amending governing documents and/or subscription materials and other offering materials; (ii) all expenses incurred in connection with communications with, and reporting and notices to, investors (including the development, implementation and maintenance of an investor electronic delivery site and/or system) and the ongoing offer and sale of interests in the private investment funds; (iii) all third party administration, accounting, tax preparation, audit, bookkeeping, governmental fees and taxes (including governmental charges and expenses in connection with governmental inquiries), tax audit, investigations or proceedings, settlement or review (including the amount of any judgments, settlements or fines paid in connection therewith), and legal (including, without limitation, the costs of prosecuting or defending any legal action for or against the private investment funds, Luxor or its affiliates, and all costs related to the private investment fund's indemnification of Luxor, its principals and their affiliates, and members of any governance committee), compliance and other professional fees (including, without limitation, directors' or governance committee members' fees) and expenses of, or relating to, the private investment funds (including expenses associated with meetings of directors, governance committee members or investors (including, without limitation, travel, lodging and meal expenses)); (iv) all expenses incurred for the benefit of the private investment funds (e.g., to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions, facilitate marketing, facilitate compliance with the rules of any self-regulatory organization or applicable law in connection with the activities of the private investment funds, and facilitate and manage the execution of securities or otherwise manage the private investment funds), appraisals, valuation services, proxy research and voting services, evaluations or monitoring of private investment fund investments or potential investments, and insurance (including, without limitation insurance for directors, governance committee members and/or officers, errors and omissions insurance, cybersecurity insurance, and kidnap and ransom insurance); (v) all expenses related to the operation, maintenance and procurement of information technology, software licensing, implementation, and data related services, systems and equipment (e.g., information technology consultants, information technology systems used to obtain research and other information (such as Bloomberg), accounting systems, reconciliation systems, client relationship management systems, portfolio and order management systems, compliance and back-up systems, and access to such systems); (vi) all direct and incidental expenses relating to research and due diligence of existing and potential investments (including, without limitation, research-related travel and due diligence-related travel and the use of consultants, investment bankers and attorneys) and other transaction costs, research materials purchased or subscribed for by Luxor; (vii) all wire transfer fees and other bank service fees, interest on loans and debit balances; (viii) all fees and expenses incurred in connection with preparing and filing reports relating to the private investment fund's investment activities (including Section 13, Section 16, Form PF and other similar regulatory filings, and any filings or reporting with respect to compliance with the Foreign Account Tax Compliance Act, filings pursuant to Automatic Exchange of Information or similar laws enacted in other jurisdictions, as well as any foreign tax regime registrations, tax filings and associated annual fees and expenses), regulatory licensing, or registration expenses, fees and taxes, and any fees and expenses related to compliance with anti-money laundering laws and regulations

applicable to the private investment funds, and fees and expenses of third-party professionals and service providers related to the foregoing; (ix) all expenses of reorganizing, restructuring, or liquidating and winding-up the private investment fund; (x) all expenses incurred in connection with an underlying investor that defaults in respect of a capital commitment, as applicable; and (xi) all private investment fund trading and investment related costs and expenses, including, without limitation, brokerage commissions, prime brokerage fees, expenses (including the costs of negotiating, documenting and/or amending agreements with prime brokers, ISDAs and other agreements with trading and financing counterparties) and commissions, margin interest, any costs related to special purpose vehicles for investments, expenses related to short sales, arrangement fees and other interest charges, underwriting commissions, all unreimbursed out-of-pocket cost relating to investment or divestment transactions (including out-of-pocket expenses of advisory committees), consulting fees, custodial fees, clearing and settlement charges, trustees fees, purchase, sale or transmittal of assets (including, the acquisition, holding, restructuring, recapitalization and disposition thereof or related to investments which are not consummated), as Luxor shall determine in its sole discretion. (See Item 12 “Brokerage Practices” below.)

The expenses that are charged to separately managed accounts that Luxor may advise from time to time are determined on a case by case basis.

Luxor may also allocate a portion of certain clients’ capital to (i) money market funds or exchange-traded funds or (ii) private investment funds and accounts that are managed by other investment managers, including investment managers in which Mr. Leone has an economic interest (such private investment funds and accounts (excluding, for clarity, any third-party managed investment vehicles or accounts formed/established for the purpose of making specified investments) described in this clause (ii), “Third-Party Funds”). In addition to the fees and expenses discussed above, investors will indirectly incur similar fees and expenses if Luxor invests client’s capital in such money market funds, exchange traded funds or Third-Party Funds, as these funds in turn pay similar fees to their investment managers and other service providers. Luxor and its affiliates will waive the management fees and performance-based allocations with respect to each direct investment by such client account in Third-Party Funds; provided, however, that Luxor and its affiliates are entitled to charge and receive management fees and performance-based allocations with respect to any purchase of an interest in a Third-Party Fund by certain client accounts via a secondary market transaction. Further, Mr. Leone and his affiliates shall waive, rebate, or otherwise pay-over to a client account any fees that Mr. Leone or his affiliates receive with respect to such account’s pro rata interest in each Third-Party Fund that Mr. Leone or his affiliates would otherwise receive.

Management fees are generally paid by the Closed-End Clients to Luxor quarterly in advance at an annual rate of up to 2%, and may be deducted from the Closed-End Clients’ account by Luxor or by drawdowns of capital committed to the client accounts. In addition, Luxor or its affiliates receives a carried interest allocation at a rate of up to 20% of profits from cash available for distribution upon realization of investments for the Closed-End Clients. With respect to the carried interest that may be payable by the Closed-End Clients, such fees are generally subject to a “clawback” (meaning that amounts distributed to Luxor may be repayable to such client in certain circumstances) depending on the final overall performance of such client. Further, 100% of the aggregate fees received by Luxor, and its affiliates in connection with investments or potential investments with respect to the Closed-End Clients derived from third parties will be applied to reduce the management fee (but not below zero) subsequently payable by such clients.

Luxor offers from time to time other products, including co-investment opportunities alongside the Open-Ended Clients and/or the Closed-End Clients, to third parties selected by Luxor in its sole discretion, including, without limitation, certain existing investors of such clients. Co-investment

opportunities may be made available through special purpose entities, series/segregated portfolio structures and/or classes of interests in such entities formed to make such investments. Luxor has also offered other investment products focused in asset classes that are outside the mandate of the Open-Ended Clients and/or the Closed-End Clients, like residential real estate. Fees for such co-investment opportunities or other products have generally been lower than the fees for the Open-Ended Clients and/or the Closed-End Clients.

Luxor's and/or its affiliates' fees and compensation with respect to its clients are generally non-negotiable but do vary amongst the Open-Ended Clients and Closed-End Clients and may vary within a private fund client. Luxor retains the right to waive or reduce fees or allocations, or charge different fees or allocations, with respect to clients and/or investors therein.

Additional information related to the fees Luxor charges its clients is provided in the relevant advisory contract between Luxor and the relevant client (as well as in the confidential private offering documents provided to investors in the private investment fund clients, as applicable).

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

As described in Item 5 above, generally, Luxor or its affiliates receive performance-based fees or allocations from Open-Ended Clients on an annual basis in arrears and/or upon withdrawals/redemptions by investors in the Open-Ended Clients based on a percentage of the capital appreciation of client assets. Such performance-based fees or allocations are subject to either a loss carryforward or a hurdle for Open-Ended Clients.

The terms of performance-based fees and allocations to Luxor and its affiliates may differ among the various private investment funds and, occasionally, the separately managed accounts managed by Luxor and its affiliates. This may result in a conflict of interest when Luxor and its affiliates allocate trade or investment opportunities among these accounts because Luxor and its affiliates will have an incentive to favor accounts that have higher performance-based fees and allocations. To avoid such a conflict of interest Luxor generally follows documented procedures in allocating trades or investments among such accounts, which does not take into account the performance-based fees and allocations to which such accounts are subject (*see Item 12 - "Allocation of Investment Opportunities" below*).

The performance-based fees and allocations to Luxor may also create an incentive for Luxor to effect transactions in securities that are riskier or more speculative than would be the case in the absence of such performance-based fees and allocations.

As the management fees and performance-based fees and allocations made to Luxor and its affiliates by certain clients are based directly on the net asset value of such client accounts, Luxor will have a conflict of interest in valuing the assets held in such accounts. Luxor will follow its documented valuation policies and consult with the third-party administrator to the accounts in order to mitigate this risk.

Additional Considerations Regarding Particular Funds

Luxor Capital Partners Offshore, Ltd. (the "Offshore Fund") invests all or substantially all of its assets in Luxor Capital Partners Offshore Master Fund, LP (the "Offshore Master Fund"). An affiliate of Luxor receives a performance-based allocation from the Offshore Master Fund. Pursuant to the governing agreement of the Offshore Fund and the Offshore Master Fund, the

performance-based allocation may be allocated at the level of a direct or indirect subsidiary of the Offshore Fund or Offshore Master Fund for legal, tax or regulatory purposes.

Luxor's ability to cause all or a portion of the performance-based allocation to be allocated at the level of a direct or indirect subsidiary of the Offshore Fund or Offshore Master Fund could reduce Luxor's incentive to reduce certain taxes incurred below the Offshore Fund or Offshore Master Fund level and may give Luxor an incentive to allocate to the Offshore Fund investment opportunities that are less tax-efficient than the investment opportunities that might have been allocated to them in the absence of such ability. As a result of such allocation of all or a portion of the performance-based allocation at the subsidiary level, Luxor may receive a larger aggregate incentive allocation than it would if the performance-based allocation were allocated entirely at the Offshore Fund or Offshore Master Fund level.

Such conflicts are mitigated because Luxor will only allocate the performance-based allocation at a subsidiary level so long as such allocation could not be expected to cause the Offshore Fund's after-tax returns to be less than the Offshore Fund's after-tax returns would have been had the performance-based allocation been allocated exclusively at the Offshore Fund or Offshore Master Fund level, in each case with such after-tax returns calculated after giving effect to all performance-based allocations with respect to the Offshore Fund or Offshore Master Fund.

Finally, Luxor or its affiliates generally receive a carried interest allocation from cash available for distribution upon realization of investments from the Closed-End Clients.

Item 7 Types of Clients

Luxor primarily provides investment advice to clients who are private investment funds (either through a fund-vehicle or a separately managed account). Investors in such private investment funds are generally pension plans, endowments, charitable organizations, funds-of-funds, insurance companies, high net worth individuals and families, and Luxor insiders. There are minimum investment requirements for investors in private investment fund clients. In all cases, the minimum investment required for a private investment fund is subject to waiver by Luxor to the extent permitted by applicable law. Details can be found in the private investment fund confidential private offering documents and subscription agreements. The minimum investment for any separately managed account will be determined on a case by case basis.

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

Primary Approach

Methods of Analysis and Investment Strategies Generally with respect to the Primary Approach

With respect to those clients for which Luxor employs the Primary Approach, Luxor generally utilizes a fundamentally driven research effort and an opportunistic approach that allows it to use multiple strategies to invest across the capital structures of U.S. and non-U.S. companies. Situations to which Luxor may allocate capital may be characterized in a number of ways, including, without limitation, as event driven, value equity, credit arbitrage, structural arbitrage, relative value, distressed, commodity related, activist and special situation. Underlying this opportunistic approach is a commitment to preserving capital and to uncovering market inefficiencies. While market conditions will inevitably impact returns, Luxor seeks to achieve returns that will not be closely correlated to market indices, and it will not allocate capital to situations where it believes that a positive return can be generated only if certain broader market

conditions prevail. For certain of those clients for which Luxor employs the Primary Approach, Luxor may concentrate investments in certain industry sectors.

Luxor makes use of multiple trading strategies and is generally authorized to alter any trading policy or strategy as deemed appropriate from time to time in its discretion without obtaining approval from the applicable Open-Ended Clients (or underlying investors). Luxor will generally include reviews of environmental, social and/or governance issues relating to an issuer as part of its fundamental research process. The significant strategies used by Luxor for the Primary Approach are set forth below.

- Long Positions. Luxor trades in publicly traded equity securities or other instruments with equity-like characteristics such as distressed debt, convertible bonds or preferred (including convertible preferred) equity securities. Luxor may purchase securities for certain Open-Ended Client accounts when it believes that such securities are trading notably below their intrinsic value as determined by Luxor through fundamental analysis of the underlying business. Luxor generally may invest in the securities of companies without regard to such companies' market capitalizations, geographic locations or market sectors.
- Credit Arbitrage. For certain Open-Ended Clients, Luxor may focus on finding situations where market volatility and/or market inefficiency will allow it to purchase and short-sell different securities of the same issuer in order to achieve what it believes to be an outsized return with respect to the probability of permanent capital loss. An example of such a trade would be to purchase the senior obligations of a given issuer and simultaneously short-sell the subordinated obligations of that same issuer.
- Short-Selling. Luxor may engage in short-selling to hedge long positions, as part of various arbitrage strategies and in order to profit from an expected decline in the price of a security. Situations in which Luxor may take an unhedged short position include, but are not limited to, those in which it identifies: (i) negative tangible book value; (ii) temporary overvaluation due to short-term market euphoria for a sector; (iii) a faulty business model; (iv) poor earnings; (v) questionable accounting practices; (vi) deteriorating fundamentals; or (vii) weak management unable to adapt to changes in technology, regulation or the competitive environment.
- Options. Luxor may purchase and write put and call options that are traded on national securities exchanges or over-the-counter markets, as well as on electronic communications networks (ECNs). Options may be used, among other reasons, to increase market exposure (*i.e.*, for purposes of leverage), to reduce overall market exposure (*i.e.*, for hedging purposes), to increase the portfolio's current income, or to reduce the cost basis of a new position. Luxor may also utilize certain options, such as various types of index or "market basket" options, in an effort to hedge against certain market related risks.
- Commodities, Futures, Derivative Securities and Foreign Exchange Transactions. Luxor may effect trades in commodities, futures contracts, options on futures and commodities, currencies, foreign exchange transactions, and derivatives (including, without limitation, credit default and other swaps). Luxor may seek to hedge against, currency, commodity and interest rate risks through the use of such instruments. Luxor may also use these instruments for non-hedging purposes.

- Leverage. Luxor may increase the number and extent of an Open-Ended Client's "long" positions by borrowing (e.g., by purchasing securities on margin). Other trading strategies, including the use of options, futures, certain derivative instruments and short selling may also be deemed to increase the leverage of a client's assets.
- Short-Term Investments. For certain Open-Ended Clients, Luxor may trade in government obligations, certificates of deposit, commercial paper and other money market instruments, including repurchase agreements with respect to such obligations, to enable it to make trades quickly and to serve as collateral with respect to certain of its acquisitions. If Luxor believes that a defensive position is appropriate because of expected economic or business conditions or the outlook for security prices, or when it determines that opportunities for trading are unattractive, a greater percentage of applicable Open-Ended Client assets may be allocated to such obligations. Luxor may also engage in securities lending activities on behalf of certain Open-Ended Client accounts. From time to time, cash balances in certain Open-Ended Clients' brokerage accounts may be placed in a money market fund.

Certain Risks Associated with Luxor's Methods of Analysis and Investment Strategies with respect to the Primary Approach

Luxor's Primary Approach trading activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by Luxor. Such factors include a wide range of economic, political, competitive and other conditions (including epidemics, acts of terrorism and war) that may affect investments in general or specific industries or companies. In recent years, the securities markets have become increasingly volatile, which may adversely affect the ability of Luxor to realize profits for its Open-Ended Clients' accounts. As a result of the nature of Luxor's trading activities, it is possible that the financial performance of its Open-Ended Clients' accounts may fluctuate substantially from period to period.

Although Luxor typically does not take an active role in the affairs of the companies in which it invests Open-Ended Client assets, Luxor's policy is to take such steps as are necessary to protect its clients' economic interests, including seeking a role on the board of directors of a company in which its clients have a position. Taking a seat on the board of directors will restrict Luxor's ability to transact in the securities of the company. It should also be noted that any individual serving on the board of directors of a company in which Luxor invests Open-Ended Client assets will have fiduciary duties to all shareholders of such company, which at times may not be consistent with the short-term needs of the Open-Ended Client.

Furthermore, to the extent that any of the Luxor's trading strategies under the Primary Approach involve frequent trading, such frequent trading can increase costs, including brokerage, other transaction costs and taxes, which can affect investment performance.

The following is a list of certain material risks associated with Luxor's significant methods of analysis and investment strategies in the context of the Primary Approach.

Competition. The securities industry and the varied strategies and techniques to be engaged in by Luxor are extremely competitive and each involves a degree of risk. Luxor will compete with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Market Volatility. The profitability of Luxor's trading activities substantially depends upon Luxor correctly assessing the future price movements of stocks, bonds, options on stocks, and other securities and the movements of interest rates. Luxor cannot guarantee that it will be successful in accurately predicting price and interest rate movements.

Inside Information. From time to time, Luxor, its affiliates and/or Open-Ended Client investors may come into possession of inside information concerning specific companies. Under applicable securities laws and/or Luxor's policies and procedures, this may limit an Open-Ended Client's ability to buy or sell securities issued by such companies. If such Open-Ended Client holds the securities of a company with respect to which Luxor, its affiliate or an Open-Ended Client investor is in possession of inside information, the Open-Ended Client may be restricted from trading the securities of such company for an indefinite period of time, which could result in losses to the Open-Ended Client.

Herding Risk. The substantial growth of the hedge fund industry and funds trading large highly-leveraged positions of the same nature as those held by other funds have augmented herding risks. Whatever the "fair price" of a security, instrument or a relationship, its trading price is sometimes radically altered or influenced by the market activity of traders executing parallel trading programs. This factor may provide surprising and sudden losses at unpredictable times, even after long periods of calm. The negative impact of herding is greatest when markets are under stress and traders holding large leveraged positions seek to liquidate or cover positions simultaneously. Luxor will try not to allow the portfolios of its clients to be substantially affected by such herding and will try to tailor its position sizes to take herding into account.

Concentration of Investments. The assets of certain Open-Ended Clients of Luxor's may at times be concentrated in positions in companies in certain sectors, and/or in certain geographic areas. Subject to any limitation adopted by Luxor from time to time in its discretion, there is no limitation on the amount of the applicable client's capital that may be invested in any issuer, security, industry sector or geographic area. At times certain Open-Ended Clients may hold a relatively large concentration in a particular issuer, security, industry sector or geographic area.

The concentration of an Open-Ended Client's portfolio in a small number of issuers, securities, industries and/or geographic areas would subject such client to a greater degree of risk with respect to the failure of one or a few issuers or with respect to economic downturns in relation to such industries and/or geographic areas. Accordingly, the performance of an account will be more susceptible to any single occurrence affecting one or more of those issuers, industry sectors or geographic areas than would be the case with a more diversified investment portfolio.

Accuracy of Public Information. Luxor selects investments for its Open-Ended Clients' accounts, in part, on the basis of information and data filed with various government regulators or made directly available to Luxor by a company or through other sources. Although Luxor evaluates all such information and data and ordinarily seeks independent corroboration when Luxor considers it is appropriate and when it is reasonably available, Luxor is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

Leverage. Subject to applicable regulations, Luxor may use leverage in its trading program when it deems appropriate, including the use of borrowed funds and investments in certain types of derivatives and options, such as puts, calls and warrants, which may be purchased for a fraction of the price of the underlying securities while giving the purchaser the full benefit of movement in the

market of those underlying securities. While such strategies and techniques increase the opportunity to achieve higher returns on the amounts invested, they also increase the risk of loss. To the extent Luxor purchases securities for Open-Ended Client accounts with borrowed funds, such clients' assets will tend to increase or decrease at a greater rate than if borrowed funds are not used. The level of interest rates generally, and the rates at which such funds may be borrowed in particular, could affect the return of Open-Ended Client accounts. If the interest expense on borrowings were to exceed the net return on the portfolio securities purchased with borrowed funds, the use of leverage would result in a lower rate of return than if the accounts were not leveraged.

Securities Lending. Luxor may seek to increase income for its Open-Ended Clients by lending portfolio securities pursuant to a master securities lending agreement or similar agreement. Such loans will be secured continuously by collateral in cash, cash equivalents or U.S. Treasury bills maintained on a current basis in an amount at least equal to the market value of the securities loan. As with other extensions of credit, there are risks of delay in recovery or even loss of right in the collateral should the borrower of the securities fail financially. However, the loans will be made only to firms deemed by Luxor to be of good standing, and when, in the judgment of Luxor, the consideration which can be earned currently from securities loans of this type justifies the attendant risk.

It should be noted that, pursuant to Open-Ended Clients' account agreements with their prime brokers, the prime brokers may lend such clients' securities to third parties without notice to Luxor and without providing any collateral to clients. If a prime broker makes such loans of securities from an Open-Ended Client's account, such client may not be able to vote such securities. In addition, if a prime broker were to become insolvent in the United States, the client would not have a claim against any specific assets of such prime broker, but would have a claim against the pool of assets held for the benefit of such prime broker's customers.

Convertible Securities. The market value of convertible securities, as with all fixed income securities, tends to decline as interest rates increase and, conversely, to increase as interest rates decline. However, when the market price of the common stock underlying a convertible security exceeds the conversion price, the convertible security tends to reflect the market price of the underlying common stock. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly on a yield basis and thus may not decline in price to the same extent as the underlying common stock. If a convertible security held by an Open-Ended Client account is called for redemption, Luxor will be required to permit the issuer to redeem the security, convert it into the underlying stock or sell it to a third party. Any of these actions could have an adverse effect on the account's performance.

Short Sales. Luxor may sell securities short for Open-Ended Client accounts. Short-selling involves the sale of a security that the client does not own and must borrow in order to make delivery in the hope of purchasing the same security at a later date at a lower price. Selling securities short risks losing an amount greater than the proceeds received. Theoretically, securities sold short are subject to unlimited risk of loss because there is no limit on the price that a security may appreciate before the short position is closed. In addition, the supply of securities that can be borrowed fluctuates from time to time. A client may have losses if a security lender demands return of the lent securities and an alternative lending source cannot be found.

Derivatives Generally. Derivative instruments, or "derivatives," include options, swaps, futures, structured securities and other instruments and contracts that are derived from or the value of which is related to one or more underlying securities, financial benchmarks, currencies or indices. Derivatives allow an investor to hedge or speculate upon the price movements of a particular

security, financial benchmark, currency or index at a fraction of the cost of investing in the underlying asset. There can be no assurance that derivatives that Luxor wishes to acquire for an Open-Ended Client account will be available at any particular times upon satisfactory terms or at all.

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 account 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. In most instances, the over-the-counter market for derivatives is relatively illiquid. In the case of over-the-counter derivatives contracts, client accounts are subject to the credit risk of the counterparty. Luxor 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 that such opportunities are both consistent with the investment objectives of its Open-Ended Client accounts and legally permissible. Special risks may apply to instruments that are invested in by Luxor in the future that cannot be determined at this time or until such instruments are developed or invested in by Luxor on behalf of its clients.

Options. Luxor may use a number of option strategies for Open-Ended Client accounts. Put options and call options typically have similar structural characteristics and operational mechanics regardless of the underlying instrument on which they are purchased or sold. A put option gives the purchaser of the option, upon payment of a premium, the right to sell, and the writer the obligation to buy, the underlying security, commodity, index, currency or other instrument at the exercise price. A call option, upon payment of a premium, gives the purchaser of the option the right to buy, and the seller the obligation to sell, the underlying instrument at the exercise price.

If a put or call option purchased by Luxor for a client account were permitted to expire without being sold or exercised, its premium would be lost by such account. The risk involved in writing a put option is that there could be a decrease in the market value of the underlying security. If this occurred, the option could be exercised and the underlying security would then be sold to the client at a higher price than its current market value. The risk involved in writing a call option is that there could be an increase in the market value of the underlying security. If this occurred, the option could be exercised and the underlying security would then be sold by the client at a lower price than its current market value. Purchasing and writing put and call options and, in particular, writing “uncovered” options are highly specialized activities and entail greater than ordinary investment risks.

Credit Default Swaps. Luxor may purchase and sell credit derivatives contracts – primarily credit default swaps – both for hedging and other purposes for Open-Ended Client accounts. The typical credit default swap contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities issued by the reference entity that the buyer delivers to the seller. In return, the buyer agrees to make periodic payments equal to a fixed percentage of the notional amount of the contract. Luxor may also purchase and sell credit default swaps on a basket of reference entities as part of a synthetic collateralized debt obligation transaction.

As a buyer of credit default swaps, an Open-Ended Client account is subject to certain risks. In circumstances in which a client account does not own the debt securities that are deliverable under a credit default swap, such account is 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 account 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, an Open-Ended Client incurs leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity. However, a client 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 client following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the client.

Purchase of Distressed Securities, Etc. Luxor may purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy or other reorganizations and liquidation proceedings for Open-Ended Client accounts. Although such investments may produce significant returns, they involve a high degree of risk over a potentially lengthy period of time, as well as less liquidity than many other investments. Investment in these types of securities requires sophisticated analysis, and there can be no assurance that Luxor will accurately predict various factors that could affect the prospects of a successful restructuring. In addition, it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may adversely be affected by laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the U.S. Bankruptcy Court’s discretionary power to disallow, subordinate or disenfranchise particular claims. The market price of such securities is subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such instruments may be greater than normally expected. Many of these investments ordinarily remain stagnant until the company reorganizes and/or emerges from bankruptcy proceedings, and, as a result, may have to be held for an extended period of time. In trading distressed securities, litigation is sometimes required, which can be time consuming and expensive, and can lead to unpredicted delays or losses.

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”) established the Orderly Liquidation Authority (the “OLA”), a new insolvency regime for large, interconnected financial companies, including broker-dealers, whose failure poses a significant risk to the financial stability of the United States. Luxor may invest Open-Ended Client capital in such large, interconnected financial companies, and therefore such clients may face losses if such financial companies are put into receivership and then liquidated or reorganized upon a determination by the FDIC and the board of governors of the Federal Reserve. If a financial company becomes liquidated or reorganized by the OLA, Luxor’s investments in such a financial company could be adversely affected. Compared to bankruptcy proceedings, creditors, shareholders and contract counterparties will have less input into or advance notice about the liquidation or reorganization of the financial company. While the FDIC has outlined certain aspects of its strategy with respect to the OLA, many of the procedural rules for the OLA have not yet been written, and it is unclear how financial companies that become subject to liquidation proceedings or reorganizations by the OLA will ultimately be affected.

Foreign Securities. Luxor may invest a portion of its Open-Ended Clients' assets in securities of companies domiciled or operating in one or more foreign countries. Investing in foreign securities involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the U.S., including instability of some foreign governments, acts of war or terrorism, increased risk of pandemic, the possibility of expropriation, limitations on the use or removal of funds or other assets, foreign currency risk, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (*e.g.*, the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in foreign securities. Higher expenses may result from investment in foreign securities than would from investment in domestic securities because of the costs that must be incurred in connection with conversion between various currencies and foreign brokerage commissions that may be higher than in the U.S. Foreign securities markets also may be less liquid, more volatile and subject to less governmental supervision than in the U.S., including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

Currency Transactions. Open-Ended Client accounts may incur costs in connection with conversions between various currencies. Foreign currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to a client account at one rate, while offering a lesser rate of exchange should the account desire immediately to resell that currency to the dealer. Luxor will conduct its currency exchange transactions either on a spot (*i.e.*, cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward contracts to purchase or sell non-U.S. currencies.

Luxor may attempt to hedge the currency risk associated certain interests in private investment fund clients denominated in currencies other than the U.S. Dollar by using forward contracts and other available hedging techniques. However, there can be no guarantee that the hedges which Luxor utilizes will be effective. Such hedges will be for the account of, and the cost of such hedges will be allocated to, and shall be borne by, investors in such private investment fund clients holding the applicable class of interests denominated in a currency other than the U.S. Dollar.

Commodity Trading. The prices of commodities and all derivative instruments, including futures and options prices, are highly volatile. Price movements of commodities, futures and options contracts are influenced by, among other things, changing supply and demand relationships, domestic and foreign governmental programs and policies, national and international political and economic events, interest rates and governmental monetary and exchange control programs and policies. Moreover, commodity exchanges limit fluctuations in commodity futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." During a single trading day, no trades may be executed at prices beyond the daily limit. Commodity futures prices have occasionally moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent Luxor from promptly liquidating unfavorable positions and subject it to substantial losses. In addition, the Dodd-Frank Act significantly expands the Commodity Futures Trading Commission's (the "CFTC") authority to impose broader aggregate position limits.

Luxor is not currently registered, and does not plan to register, with the CFTC or the National Futures Association as a commodity pool operator under the U.S. Commodity Exchange Act ("CEA") and the regulations promulgated thereunder by the CFTC. Luxor qualifies for exemption from the CFTC's reporting and disclosure requirements with respect to certain other private

investment funds managed by Luxor by virtue of CFTC Regulation 4.13(a)(3) on the basis that, among other things, Luxor only trades a *de minimis* amount of commodity futures for such private investment funds. Luxor may determine to rely on different exemptions with respect the private investment funds it manages, if available, and in such case Luxor expects that it will remain exempt from complying with most of the disclosure, recordkeeping and reporting requirements under the CEA and regulations promulgated thereunder.

Significant Positions; Shareholder Activism. Portfolio companies in which Luxor may invest Open-Ended Client assets could have a relatively small aggregate number of outstanding shares, so that an Open-Ended Client account, or an Open-Ended Client account together with other accounts managed by Luxor, may acquire (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 account's ability to trade in such securities, including the restrictions of Section 16 of the Securities Exchange Act of 1934, as amended). At times Luxor may engage in proxy contests, takeover bids, shareholder class actions or other litigation, or other activity which may place Luxor and Open-Ended Client accounts in a high-profile position which is adverse to issuer management and/or other security holders. Open-Ended Client accounts may, as a result of such techniques or otherwise, obtain a controlling or other substantial position in any public or private company. Client accounts may become subject to regulatory proceedings or other litigation.

Luxor's ability to realize value from certain of its Open-Ended Client's positions may depend upon the ability of Luxor 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 Luxor 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, its Open-Ended Clients' accounts may sustain a loss on their positions.

Small-Cap Issuers. Luxor may invest a substantial portion of its Open-Ended Client assets in small and/or unseasoned companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification, and competitive strength of larger companies. In addition, in many instances, the frequency and volume of their trading may be substantially less than is typical of larger companies. As a result, the securities of smaller companies may be subject to wider price fluctuations. When making large sales, Luxor may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small sales over an extended period of time due to the trading volume of smaller company securities.

Risk of Default or Bankruptcy of Third Parties. Luxor intends to engage in transactions for Open-Ended Client accounts in securities and financial instruments that involve counterparties. Under certain conditions, such Open-Ended Client accounts could suffer losses if a counterparty to a transaction were to default or if the market for certain securities and/or financial instruments were to become illiquid. In addition, such client accounts could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which Luxor does business, or to which securities have been entrusted for custodial purposes. For example, if one of the account's prime brokers or custodians were to become insolvent or file for bankruptcy, such account could suffer significant losses with respect to any securities held by such firm.

Counterparty Risk. Certain markets in which Luxor may effect transactions on behalf of Open-Ended Clients are "over-the-counter" or "interdealer" markets. The participants in such markets

typically are not subject to the same credit evaluation and regulatory oversight as are members of “exchange-based” markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such “over-the-counter” transactions. This exposes Luxor’s Open-Ended Clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the client to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where Luxor has concentrated transactions on behalf of certain clients with a single or small group of counterparties. Luxor is not restricted from dealing with any particular counterparty or from concentrating any or all of its clients’ transactions with one counterparty or a small number of counterparties. The ability of Luxor to transact business on behalf of a client with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by Luxor’s clients.

Market Disruption Events and Geopolitical Risks. An Open-Ended Client may trade in different markets and different kinds of instrument types. It is possible that as a result of war, terrorist act, natural disaster, outbreak of infectious disease, epidemic, pandemic or other serious public health concern, or geopolitical or other extraordinary or unforeseen circumstance or event (a “Market Disruption Event”), one or more of these markets may cease operating for a limited or indeterminable period of time. In that event, it may be difficult for Luxor to value the positions that trade in the affected markets, and an Open-Ended Client may be exposed to significant movements in the perceived value of instruments without having the ability to trade those instruments.

Additionally, Market Disruption Events may have a substantial effect on economies and securities markets in the U.S. or worldwide, and could materially adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the value of an Open-Ended Client’s investments. Market Disruption Events could also affect the principal prime brokers and custodians that carry and clear an Open-Ended Client’s trades and positions. The inability of key marketplace intermediaries to function could have an adverse impact upon liquidity as well as the ability of an Open-Ended Client to trade its positions. Market Disruption Events could also have a direct physical impact upon an Open-Ended Client’s and/or Luxor’s operations, including the destruction of their facilities and/or incapacity or loss of life to key personnel.

While Luxor has taken steps intended to mitigate the adverse consequences that could arise from the occurrence of a Market Disruption Event, the inability to predict the timing, location, source and severity of such event or events make it difficult to provide assurances that an Open-Ended Client would not suffer material adverse consequences should a Market Disruption Event occur.

Investing in securities involves risk of loss that clients and investors should be prepared to bear.

The risks inherent to the Primary Approach employed by Luxor, including but not limited to those listed above, are described in further detail in the respective confidential private offering documents for the applicable private investment fund Open-Ended Clients.

Credit Approach

Methods of Analysis and Investment Strategies Generally with respect to the Credit Approach

With respect to client(s) for which Luxor employs the Credit Approach, Luxor generally focuses on credit-related investments that Luxor believes are frequently misvalued by the marketplace, primarily as the result of difficulties in conducting thorough financial analysis on troubled or complex companies or financial instruments and the general lack of reliable external sources of information. These misvalued opportunities may arise in a number of contexts, including credit-oriented, event-oriented, and asset-oriented situations. In regard to Open-Ended Clients for which Luxor pursues the Credit Approach (for the purposes of this section, the “Credit Clients”), Luxor focuses its fundamental research efforts on identifying, investing in and closely monitoring such investments in order to generate strong absolute returns over the long term.

Credit Clients may invest both long and short in debt and debt-related securities, bank loans and other evidences of indebtedness of every kind, whether publicly traded or privately placed. Credit Clients may also invest in equity interests, including preferred and common equity. The investment program for Credit Clients is based upon extensive fundamental research and seeks to identify investments that offer relative value across companies, capital structures and asset classes. Credit Clients may also seek exposure to such investments synthetically through derivatives, such as swaps, options and other instruments.

Credit Clients may acquire some of the foregoing instruments directly, or indirectly through investments in special purpose vehicles, partnerships, securitizations, structured financings or other collective investment vehicles managed by third parties.

Although other Open-Ended Clients of Luxor’s may engage in a similar investment program, Credit Clients are not expected or required to track the investment program of such other clients, and based, among other reasons, on the relative sizes of Credit Clients and the other Open-Ended Clients and the respective amounts of leverage that each incurs, Credit Clients may engage in different investment strategies.

To the extent that Luxor determines to incorporate leverage in Credit Clients’ investment program, Credit Clients may borrow money and employ other forms of leverage when Luxor deems appropriate for enhancing Credit Clients’ performance. Such leverage may be incurred directly, or indirectly through the use of derivatives and other instruments that are inherently leveraged. The amount of leverage that Credit Clients may employ is expected to vary over time, both on a portfolio-wide basis and on an investment-by-investment basis, depending on market conditions and investment opportunity, as well as the types of investments held by Credit Clients and the total market value of such investments. At times, Credit Clients’ use of leverage may be modest to non-existent, while at other times it may be substantial. In addition, to the extent Credit Clients invest in any securitizations or structured financings, Luxor expects that such securitizations or financings (and, thus, Credit Clients’ investments in them) will be substantially leveraged.

Luxor may utilize various investment strategies in seeking to hedge against certain perceived risks in Credit Clients’ portfolio or to enhance Credit Clients’ performance, but it is under no obligation to do so. Such hedging may entail Luxor causing Credit Clients to purchase or sell exchange-traded or OTC (*i.e.*, over-the-counter) securities, derivatives or other instruments. Luxor may utilize the Credit Clients’ cash reserves or enter into swaps or credit facilities in order to facilitate its hedging activity.

Luxor may also establish short positions for directional investment purposes, including when Luxor has a differentiated view on the pace or likelihood of credit or equity degradation or believes that a security in the capital structure is mispriced relative to others. Such directional short positions may be in the form of cash bond and equity shorts, credit default swaps, index shorts, put options and other instruments determined by Luxor.

Luxor may cause Credit Clients to invest a portion of its assets in short-term cash and fixed-income investments, including U.S. government securities, money market instruments, commercial paper, certificates of deposit and bankers' acceptances as a market hedge or to manage liquidity needs.

Certain Risks Associated with Luxor's Methods of Analysis and Investment Strategies with respect to the Credit Approach

Similar to Luxor's Primary Approach, the trading activities of Luxor's Credit Approach involves a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by Luxor. Please see above for an introductory discussion about the risks associated with Luxor Open-Ended Clients' trading activities, which apply equally to the Primary Approach and the Credit Approach. In addition, to the extent that any of the Luxor's trading strategies under the Credit Approach involve frequent trading, such frequent trading can, as is the case with respect to frequent trading under the Primary Approach, increase costs, including brokerage, other transaction costs and taxes, which can affect investment performance.

There are a number of risks associated with Luxor's Credit Approach that are substantially similar to certain of the risks attendant with Luxor's Primary Approach. These include the risk factors discussed above with the following lead-in captions: Competition, Market Volatility, Herding Risk, Concentration of Investments, Accuracy of Public Information, Leverage, Securities Lending, Convertible Securities, Short Sales, Options, Credit Default Swaps, Derivatives Generally, Purchase of Distressed Securities, Etc., Foreign Securities, Currency Transactions, Commodity Trading, Significant Positions; Shareholder Activism, Small-Cap Issuers, Risk of Default or Bankruptcy of Third Parties, Counterparty Risk and Market Disruption Events and Geopolitical Risks.

The following is a list of certain other material risks associated with Luxor's significant methods of analysis and investment strategies in the context of the Credit Approach.

Fixed Income Securities and Loans. Credit Clients will invest in bonds or other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, bank debt, bonds, notes, debentures and commercial paper, as well as derivatives thereon. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the Credit Clients invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities and bank loans can fluctuate in response to perceptions of creditworthiness, foreign exchange rates, political stability or soundness of economic policies. Fixed income securities and bank loans are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

Bank Loans. The investment program for Credit Clients includes investments in 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) limitations on the ability of the Credit Clients to directly enforce their rights with respect to participations. In analyzing each bank loan, Luxor 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 Credit Clients.

Certain newer loans use standardized documentation in an attempt to facilitate loan trading. Although this may improve market liquidity, there can be no assurance that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that any level of liquidity will continue. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security, and historically the trading volume in the loan market has been small relative to the high-yield debt market.

“High Yield” Securities. Credit Clients will invest in “higher yielding” (and, therefore, higher risk) debt 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. 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. 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. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of these securities.

Potential Involvement in Litigation. As a result of Credit Clients’ investments in stressed investments and the possibility that Luxor may participate in restructuring activities, it is possible that Credit Clients may become involved in litigation respecting creditor disputes and similar issues among classes of claimants. Litigation entails expense and the possibility of counterclaims against a Credit Client, and ultimately judgments may be rendered against Credit Clients for which Credit Clients does not carry insurance.

Lender Liability Considerations and Equitable Subordination. A number of judicial decisions in the U.S. have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that a lender has violated a duty (whether implied or contractual) owed to the borrower or has assumed a degree of control over the borrower resulting in a creation of a duty owed to the borrower or its other creditors or shareholders. While believed to be unlikely, Credit Clients could be subject to allegations of lender liability.

In addition, if a lender (i) wrongfully takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other wrongful conduct to the detriment of other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, other creditors, or (iv) uses its influence to dominate or control a borrower

to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination.” Credit Clients could be subject to claims from creditors of an obligor that Credit Clients’ investments issued by such obligor that are held by Credit Clients should be equitably subordinated. A number of Credit Clients’ investments may involve investments in which Credit Clients would not be the lead creditor. It is, accordingly, possible that lender liability or equitable subordination claims affecting Credit Client investments could arise without the direct involvement of Credit Clients.

Structured Finance Securities. Credit Clients may invest in structured finance securities such as, for example, collateralized debt obligations. Structured finance securities may present risks similar to those of the other types of investments in which Credit Clients may invest and, in fact, such risks may be of greater significance in the case of structured finance securities. Moreover, investing in structured finance securities may entail a variety of unique risks. Among other risks, structured finance securities may be subject to prepayment risk. In addition, the performance of a structured finance security will be affected by a variety of factors, including its priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets.

Mortgage-Backed and Asset-Backed Securities. Mortgage-backed securities represent an interest in a pool of mortgages. Investing in commercial and residential mortgage-backed securities involves the general risks typically associated with investing in traditional fixed-income securities (including interest rate and credit risk) and certain additional risks and special considerations (including the risk of principal prepayment and the risk of investing in real estate). When market interest rates decline, more mortgages are refinanced and the securities are paid off earlier than expected. Prepayments may also occur on a scheduled basis or due to foreclosure. When market interest rates increase, the market values of mortgage-backed securities decline. At the same time, however, mortgage refinancing and prepayments can slow, which lengthens the effective maturities of these securities. As a result, the negative effect of the rate increase on the market value of mortgage-backed securities is usually more pronounced than it is for other types of fixed-income securities. Further, different types of mortgage-backed securities are subject to varying degrees of prepayment risk. Finally, the risks of investing in such instruments reflect the risks of investing in real estate securing the underlying loans, including the effect of local and other economic conditions, the ability of tenants to make payments, and the ability to attract and retain tenants.

Asset-backed securities are structured like mortgage-backed securities, but instead of mortgage loans or interests in mortgage loans, the underlying assets may include, but are not limited to, such items as student loans, motor vehicle installment sales or installment-loan contracts, leases of various types of real and personal property, and receivables from credit-card agreements. Asset-backed securities are subject to many of the same risks as mortgage-backed securities. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. For example, credit card receivables are generally unsecured, and the debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Asset-backed securities typically experience credit risk. For example, there is an increasing supply of subordinated securities rated lower than AA (down to B or first loss) and senior securities that may be rated lower than AAA, as well. There is also the possibility that recoveries on repossessed collateral may not, in some cases, be available to support payments on

these securities because of the inability to perfect a security interest in such collateral or for other reasons.

Investing in securities involves risk of loss that clients and investors should be prepared to bear.

The risks inherent to the Credit Approach employed by Luxor, including but not limited to those listed above, are described in further detail in the confidential private offering documents for the Credit Clients.

Closed-End Approach

Methods of Analysis and Investment Strategies Generally with respect to the Closed-End Approach

With respect to clients for which Luxor employs the Closed-End Approach, Luxor generally focuses primarily in private companies in various stages of their life cycle, across their capital structures, and in various industries or regions, including inside or outside the U.S. Luxor acquires investments through direct or indirect investments in companies, negotiations with selling shareholders, and in organized secondary marketplaces for private securities.

Luxor has developed a network of financial sponsor relationships as well as relationships with management teams, investment bankers, attorneys, and accountants that Luxor believes will provide it with access to substantial investment opportunities for the Closed-End Clients. Luxor also employs a team of investment research professionals to assist Mr. Leone in originating, analyzing, and managing investments for the Closed-End Clients. As part of its research process, Luxor gathers information about a company from consultants, analysts, competitors, suppliers and customers.

Luxor expects to invest a substantial portion of Closed-End Client assets in private equity or equity-like securities; however, investments by a Closed-End Client may take a broad variety of forms and may include, without limitation, securities and financial instruments, domestic and foreign, of all kinds and descriptions, including, but not limited to, common and preferred stocks, convertible securities, bonds and other debt securities, funded and unfunded bank debt, loans and loan participations and creditor claims whether secured or unsecured and irrespective of ranking, warrants, options, derivatives (including without limitation credit default and other swaps or derivative interests in digital assets), commodities, futures contracts, options on futures and commodities, digital assets (including digital tokens and currencies), limited partnership interests, interests in private investment funds, mutual fund shares, cash and cash equivalents, and currencies and foreign exchange transactions. Luxor has complete flexibility in determining the assets, instruments and markets in which the Closed-End Client may invest and the investment techniques the Closed-End Client may use to achieve its investment objectives. As indicated above, Luxor may invest in the securities of companies without regard to such companies' market capitalizations, geographic locations, life cycle and/or financial stages or market sectors.

These private equity and equity-like investments usually do not pay interest or dividends and typically are subject to legal or contractual restrictions on resale that may adversely affect the liquidity and marketability of such securities. Therefore, a significant portion of the Closed-End Clients' private equity or equity-like investment portfolio will provide little or no income in the form of dividends or interest.

Certain Risks Associated with Luxor's Methods of Analysis and Investment Strategies with respect to the Closed-End Approach

There are a number of risks associated with Luxor's Closed-End Approach that are substantially similar to certain of the risks attendant with Luxor's Primary Approach. These include the risk factors discussed above with the following lead-in captions: Accuracy of Public Information, Leverage, Convertible Securities, Options, Derivatives Generally, Purchase of Distressed Securities, Etc., Currency Transactions, Small-Cap Issuers and Market Disruption Events and Geopolitical Risks.

The following is a list of certain material risks associated with Luxor's significant methods of analysis and investment strategies in the context of the Closed-End Approach.

Flexible Investment Approach. Although Luxor will primarily invest in the equity or equity-like securities of private companies, Luxor has broad investment authority, and may trade in a wide variety of securities, issuers or groups of related issuers, countries, regions and sectors that it believes will help Closed-End Clients achieve their investment objectives. Additionally, the strategies that Luxor may pursue for Closed-End Clients are not limited to the strategies described herein; furthermore, such strategies may change and evolve materially over time. Luxor has broad latitude with respect to the management of Closed-End Clients' risk parameters. Closed-End Clients are not subject to any hard limits regarding diversification of investments. Luxor will opportunistically implement whatever strategies, risk management techniques and discretionary approaches, as well as such other investment tactics, as it believes from time to time may be suited to prevailing market conditions. Luxor may use such leverage, position size, duration and other portfolio management techniques as it believes are appropriate for Closed-End Clients. Clients must recognize that by investing in Closed-End Clients, they are placing their capital under the discretionary management of Luxor and authorizing Luxor to trade for Closed-End Clients using whatever strategies in such manner as Luxor may determine. Any of these new investment strategies, techniques, discretionary approaches and investment tactics may not be thoroughly tested before being employed and may have operational or other shortcomings which could result in unsuccessful investments and, ultimately, losses to the Closed-End Clients. In addition, any new investment strategy, technique and tactic developed by Closed-End Clients may be more speculative than earlier investment strategies, techniques and tactics and may involve material and as-yet-unanticipated risks that could increase the overall risk associated with an investment in a Closed-End Client. While investors will receive periodic reports describing certain characteristics of a Closed-End Client's portfolio, clients generally will not be notified of any changes in Luxor's strategies, techniques, discretionary approach and tactics. There can be no assurance that Luxor will be successful in applying its approach and there is material risk that a client may suffer significant impairment or total loss of its capital.

Risk Inherent in Closed-End Capital Investments. The types of investments that Luxor anticipates making for the Closed-End Clients involve a high degree of risk. In general, financial and operating risks confronting portfolio companies can be significant. A loss of client's entire capital contribution is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early for Closed-End Client investments, while successes often require a long period of time for an investment to mature. An investment by Luxor for the Closed-End Clients in a portfolio company will be highly speculative; the Closed-End Clients may lose all of the monies invested in a portfolio company.

Investments in Private Companies. Investments in private companies are subject to various risks, including the illiquidity of the investment being made. When investing in a private company, there

is no market efficiency or testing in order to determine the correct price for shares of the company. Therefore, a Closed-End Client could pay more for shares of a portfolio company that is a private company than their intrinsic value. Typically, private companies will have very limited reporting obligations, so there may be limited or no information available to investors such as a Closed-End Client regarding, among other things, a private company's business prospects and results of operations. Private companies frequently have less oversight from independent directors, regulatory agencies and others and less seasoned management teams.

Any such securities or other interests acquired by a Closed-End Client will generally have restrictions on resale and, even in the absence of such restrictions, may not be marketable. In addition, the ability of a Closed-End Client to profit from many of its investments will be highly dependent upon the ability of a portfolio company to reach the point where it has several exit options. Numerous factors may impede or prevent a company from reaching this point, including, without limitation, inadequate capital, unfavorable competitive developments, inadequate management or loss of key persons, technology obsolescence, and lack of market acceptance. Portfolio companies may face significant capital shortfalls for a wide variety of reasons. Product development, modernization of technology or acquisition and integration of a new unit or subsidiary may prove more expensive or take more time than anticipated and the growth in revenues may be slower than expected. In any such event or for other reasons, a Closed-End Client may be asked to provide additional capital. If a Closed-End Client is unable or refuses to provide the additional capital, the applicable portfolio company may obtain the needed funds from another source, diluting the earlier investment by a Closed-End Client. Alternatively, the inability of a portfolio company to obtain the needed financing may result in the failure of such company and a loss of the investment by a Closed-End Client. While a Closed-End Client may have an advisory role in the portfolio companies in which it makes these investments, a Closed-End Client will generally be dependent upon third parties to manage such companies in a manner that allows a Closed-End Client to realize a return upon its investment. In addition, other owners with controlling interests in such investments may be able to take actions which adversely affect the value of the investment or the interest therein of a Closed-End Client.

No market is expected to exist for the securities of most portfolio companies and such securities are expected to often be restricted as to their transferability under foreign, federal or state securities laws. Because of the absence of any trading market for these securities, a Closed-End Client may take longer to liquidate securities of such private portfolio companies than would be the case for publicly traded securities. Although these securities may in some cases be resold in privately negotiated transactions, the prices realized on these sales could be less than those originally paid by a Closed-End Client.

Early Stage Investments. Luxor primarily invests in privately-held, early stage companies for the Closed-End Clients. These companies typically have no revenues and are not profitable. They require considerable additional capital to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on unacceptable terms. Further, the technologies and markets of such companies may not develop as anticipated, even after substantial expenditures of capital. Such companies may face intense competition, including competition from established companies with much greater financial resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Typically, although a client may be represented by a member of Luxor on a portfolio company's board of directors, each portfolio company will be managed by its own officers (who generally will not be affiliated with Luxor). Portfolio companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any stage.

Concentration of Investments. There is no limit on the amount of the Closed-End Clients' assets that may be invested in a single company, industry or sector. It is possible that a significant amount of the Closed-End Clients' capital could be invested in the securities of one or only a few companies. The concentration of the Closed-End Clients' portfolios in a small number of issuers or industries would subject the clients to a greater degree of risk with respect to the failure of one or a few issuers or with respect to economic downturns in relation to such industries. In particular, losses incurred in investments in software/internet-related companies could have a material adverse effect on certain clients' overall financial condition and could significantly reduce a client's capital.

Software and Internet-Industries Risks. The Closed-End Clients generally intend to invest significantly in companies in the software and internet-related industries. Market or economic factors impacting software and internet-related companies could have a major effect on the value of the Closed-End Clients' investments. The value of these companies is particularly vulnerable to rapid changes in technological product cycles, frequent new service and product announcements, evolving industry standards, changes in government regulation and policies, loss or impairment of patents and other intellectual property, intense worldwide competition, restrictions on internet usage or access, damage to the internet infrastructure, obsolescence caused by scientific and technological advances, departure of key personnel and changing customer demand. The failure of a software or internet-related company to adapt to such changes could have a material adverse effect on the company's business, results of operations and financial condition. Technology securities, especially those of smaller, less seasoned companies, tend to be more volatile than the overall market. Products developed by software and internet-related companies may be commercially unsuccessful. Software and internet-related companies are heavily dependent on patents and other intellectual property, and there can be no assurance that the steps taken by internet-related companies to protect their proprietary rights will be adequate to prevent misappropriation of their technology, or that competitors will not independently develop technologies that are substantially equivalent or superior to such companies' technology. In addition, the widespread adoption of new internet, networking or telecommunications technologies or other technological changes could require substantial expenditures by a software or internet-related company to modify or adapt its services or infrastructure, which could have a material adverse effect on such company's business, results of operations and financial condition. The Closed-End Clients' investments in software or internet companies may also be subject to the risk of owning small capitalization companies.

Despite the implementation of security measures, a software or internet-related company's website and networks may be vulnerable to unauthorized access, viruses and other disruptive problems. Software and internet-related companies have in the past experienced, and may in the future experience, losses as a result of natural disasters, telecommunications failures, power failures, other system failures, maintenance, viruses, hacking or other events. Unauthorized access could also potentially jeopardize the security of information stored in the computer systems of a company and subject the company to risk of loss, litigation and possible liability.

Software and internet-related companies are subject to general business regulations and laws, as well as regulations and laws specifically governing the internet and e-commerce. Existing and future laws and regulations may impede the growth of the internet or online services. There is, and will likely continue to be, an increasing number of laws and regulations pertaining to the internet, online commerce and cable, broadcast, broadband and telephone services covering taxation of internet usage and transactions, defamation, libel, privacy, data protection, pricing, content, liability for information retrieved from or transmitted over the internet, copyrights, distribution, mobile communications, electronic contracts and other communications, consumer protection, the provision of online payment services, obscene or indecent communications, child protection,

unencumbered internet access, the design and operation of websites, and the characteristics and quality of products and services. Unfavorable regulations and laws could diminish the demand for the products and services produced by software or internet-related companies, subject them to increased liability and increase costs, all of which could materially and adversely harm their business.

Acquisition of the Investment. Certain investments may be acquired directly or indirectly and may involve a transaction with a third party. Transactions with third parties and investments in private companies pose potential risks including the risks described below (see “Investments in Private Companies”) and litigation risks (including, without limitation, risks of a Closed-End Client and/or Luxor becoming involved in litigation related to a portfolio company or the structuring of the investment). In addition, in connection with structuring private investments, a party, such as the Closed-End Clients, are (or would be) relying on the accuracy and completeness of the representations and warranties of the counterparty to the transaction and the Closed-End Clients cannot guarantee any such representations or warranties are in fact accurate or complete. Of concern in purchasing private investments is the possibility of material misrepresentation or omission on the part of a counterparty. Such inaccuracy or incompleteness may adversely affect the valuation of any investment made by a Closed-End Client. In addition, there is no guarantee (beyond related representations and warranties of such counterparty) that the counterparty selling the investment has complied with applicable law and/or any transactional or organizational documents applicable to the investment prior to a transaction with a Closed-End Client.

Closed-End Clients’ Investment Activities. A Closed-End Client’s investment activities involve a significant degree of risk. The performance of any investment is subject to numerous factors which are neither within the control of nor predictable by Luxor. Such factors include a wide range of economic, political, competitive and other conditions (including pandemics, acts of terrorism and war) that may affect investments in general or specific industries or companies. In recent years, the securities markets have become increasingly volatile, which may adversely affect the ability of a Closed-End Client to realize profits. As a result of the nature of a Closed-End Client’s investment activities, it is possible that a Closed-End Client’s financial performance may fluctuate substantially from period to period.

Equity Investments. A Closed-End Client’s equity investments may involve substantial risks and may be subject to wide and sudden fluctuations in market value, with a resulting fluctuation in the amount of profits and losses. There are no absolute restrictions in regard to the size or operating experience of the companies in which a Closed-End Client may invest (and relatively small companies may lack management depth or the ability to generate internally, or obtain externally, the partnerships necessary for growth and companies with new products or services could sustain significant losses if projected markets do not materialize). Equity securities fluctuate in value in response to many factors, including the activities and financial condition of issuers, the market in which such companies compete as well as market conditions and general economic environments. Equity investments are subordinate to the claims of an issuer’s creditors and, to the extent such securities are common securities, preferred stockholders. Dividends customarily paid to equity holders can be suspended or cancelled at any time. In addition, in many countries investing in common stocks is subject to heightened regulatory and self-regulatory scrutiny as compared to investing in debt or other financial instruments. For the foregoing reasons, investments in equity securities can be highly speculative and carry a substantial risk of loss of principal.

Preferred Equity. The Closed-End Clients expect to invest in preferred equity interests in certain portfolio companies. This means that a Closed-End Client’s investment will rank junior to all

existing and future indebtedness of such portfolio companies and to other non-equity claims on such portfolio companies with respect to assets available to satisfy claims on such portfolio companies, including claims in liquidation.

Foreign Securities. A Closed-End Client will occasionally invest in securities of companies domiciled, headquartered, or with significant operations outside the United States. Investing in foreign securities involves considerations and possible risks not typically involved in investing in securities of companies domiciled and operating in the United States, including instability of some foreign governments, acts of war or terrorism, increased risk of pandemic, the possibility of expropriation, limitations on the use or removal of funds or other assets, foreign currency risk, changes in governmental administration or economic or monetary policy (in the United States or abroad) or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect investment in foreign securities. Higher expenses may result from investment in foreign securities than would from investment in domestic securities because of the costs that must be incurred in connection with conversion between various currencies and foreign brokerage commissions that may be higher than in the United States. Foreign securities markets also may be less liquid, more volatile and subject to less governmental supervision than in the United States, including lack of uniform accounting, auditing and financial reporting standards and potential difficulties in enforcing contractual obligations.

Certain portfolio companies of the Closed-End Clients will be based in Europe. Adverse political, social or economic developments in Europe, or in a particular European country, could cause a substantial decline in the value of the Closed-End Clients. European countries include both developed and emerging markets and these risks are heightened with respect to the Closed-End Clients' investments in less developed European markets. The economies of European countries have become increasingly interconnected due to, among other things, the membership of many European countries in the European Union ("EU") and/or the European Economic and Monetary Union ("EMU"). The EU and EMU have worked to establish a single European market with a common trade policy and a single currency. Many member states have adopted the Euro as their single currency and no longer control their own monetary policy. As a result, governments of such countries have less flexibility in the face of economic downturns in their local economies. In addition, a portfolio company could be adversely affected in the event that one or more countries were to abandon the Euro, which could cause a decline in the value of the Euro and investments tied to those countries. See "Brexit" below. These concerns have increased in light of the recent global economic crisis that resulted in severe recessions in many European countries and pushed several smaller European economies toward bankruptcy. While certain of the larger European countries have shown signs of recovery, significant risks to growth continue to threaten a potential recovery. These factors include high levels of government debt and deficits, over-regulation and aging populations. Many countries in Europe have adopted measures and are working on regulatory initiatives aimed at increasing the liquidity and stability of financial markets. There is no guarantee that such initiatives will be successful and additional regulation will likely result in increased costs for European market participants.

"Brexit". A majority of United Kingdom (U.K.) voters recently voted for the U.K. to exit the EU ("Brexit"). Negotiations are underway to determine the future terms of the U.K.'s relationship with the EU, including the terms of trade between the U.K. and the EU and the rest of the world. The effects of Brexit will depend on any agreements the U.K. makes to retain access to EU markets either during a transitional period or more permanently.

Further, Brexit could adversely affect European and worldwide economic or market conditions and could contribute to instability in global financial markets. Brexit is likely to lead to legal uncertainty and potentially divergent national laws and regulations as the U.K. determines which EU laws to replace or replicate. In addition, there is the potential for other EU countries to follow the UK and exit the EU.

The uncertainty resulting from the Brexit could adversely affect certain portfolio companies, and therefore the Closed-End Clients.

Availability of Investment Capital. Early-stage investments often require several rounds of capital infusions before the portfolio company reaches maturity. If an investor in a Closed-End Client does not have funds available to participate in subsequent rounds of financing, that shortfall may have a significant negative impact on both the portfolio company and the face value of such investor's capital contributions. Although it will be Luxor's policy to maintain sufficient liquidity to allow the Closed-End Clients to participate in follow-on rounds of financings, Luxor does not intend to have the Closed-End Clients provide all necessary follow-on financing. Accordingly, third-party sources of financing will be required. There is no assurance that such additional sources of financing will be available, or, if available, will be on terms beneficial to the Closed-End Clients. Furthermore, the Closed-End Clients' capital is limited and may not be adequate to protect such clients from dilution in multiple rounds of portfolio company financing.

Lack of Liquidity. As stated above, the investment portfolio of the Closed-End Clients will consist of investments in private companies. The marketability and value of each such investment will depend upon many factors beyond Luxor's control. Generally, the investments made by Luxor for the Closed-End Clients will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. At the time of an investment, a portfolio company may lack one or more key attributes (*e.g.*, proven technology, marketable product, complete management team, or strategic alliances) necessary for success. There may be no readily available market for the investments of the Closed-End Clients, many of which will be difficult to value, and the disposal of an investment in a portfolio company by Luxor may be prohibited or delayed many years from the date of initial investment for legal and/or regulatory reasons. The public market for emerging growth companies is extremely volatile. Such volatility may adversely affect the development of portfolio companies, the ability of Luxor to dispose of the Closed-End Clients' investments, and the value of investment securities on the date of sale or distribution by Luxor.

Securities of Growth Companies. Certain portfolio companies may be subject to risks similar to that of "growth" stocks. Growth stocks are typically more volatile than value stocks due to their relatively high valuations and sensitivity to investor perceptions of the issuer's growth potential. As a result, the price of growth stocks may experience a larger decline on a forecast of lower earnings or other negative development, than would a value stock or the market average in general. Certain growth companies may have more limited product lines or markets and may be less financially secure than more established companies. If a product fails or there are other adverse developments, or if management changes, the company may lose substantial value, especially for smaller growth companies. For example, many growth stocks operate in fast-moving industries that are disrupting the status quo through technology, but the disruptor itself may be disrupted by a new technology.

Furthermore, because the value of growth companies is a function of their expected earnings growth, there is a risk that such earnings growth may not occur or cannot be sustained. Additionally, the events that Luxor believed would cause the stock price to increase may not occur as anticipated

or at all. Moreover, a stock judged to be undervalued actually may be appropriately priced at a low level.

Risks of Certain Dispositions. In connection with the disposition of an investment in a portfolio company or otherwise, Luxor may be required to make representations on behalf of its clients about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. It may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate, and under certain circumstances described in the governing agreement with each Closed-End Client, Luxor may make distributions of cash or securities to the investors in a Closed-End Client that remain subject to recall for the payment (in whole or in part) of such contingent liabilities. These arrangements may result in contingent liabilities, which might ultimately have to be funded by a Closed-End Client's assets.

Non-Controlling Investments; Third Party Involvement. A Closed-End Client may hold a non-controlling interest in certain portfolio companies and, therefore, may have a limited ability to protect their position in such portfolio companies. However, as a condition to an investment in a portfolio company, it is expected that appropriate rights generally will be sought to protect a Closed-End Client's interests to the extent possible. There can be no assurance that such minority investor rights will be available. In addition, such arrangements may restrict a Closed-End Client's ability to dispose of its investments for potentially significant periods of time.

In addition, Luxor may cause a Closed-End Client to co-invest with third parties through jointly owned acquisition vehicles partnerships, joint ventures or other structures, which third parties may have larger or controlling ownership interests in or governance rights over such investment vehicles. Such investments may involve risks, some of which are present in investments where a third party is involved, in connection with such third-party involvement, including the possibility that a third party may have financial difficulties resulting in a negative impact on such investments. Furthermore, a third-party co-investor may have economic or business interests or goals that are inconsistent with those of a Closed-End Client, or may be in a position to take (or block) action in a manner contrary to a Closed-End Client's investment objectives. In addition, a Closed-End Client may, in certain circumstances, be liable for the actions of its third-party co-investors. Investments made with third parties in joint ventures or other entities also may involve compensation arrangements, including carried interests distributions and/or other fees and profit-sharing arrangements payable to such third-party partners or co-investors. Co-investments by a Closed-End Client may also involve higher costs than other investments. There can be no assurance that minority rights will be available or that such rights will provide sufficient protection of a Closed-End Client's interests.

Board Participation. A Closed-End Client may be represented on the boards of directors of certain of its portfolio companies or may have its representatives serve as observers to such boards of directors. Although such positions in certain circumstances may be important to a Closed-End Client's investment strategy and may enhance Luxor's ability to manage the portfolio investments, they may also have the effect of impairing Luxor's ability to sell the related securities when, and upon the terms, it may otherwise desire. The designation of representatives, observers, directors and other measures contemplated could expose the assets of a Closed-End Client to claims by a portfolio company, its security holders, creditors and regulators, including the claims that a Closed-End Client is a controlling person and thus is liable for securities laws violations of a portfolio company. These measures could also result in certain liabilities in the event of the bankruptcy or reorganization of a portfolio company; could result in claims, including claims for indemnity, against a Closed-End Client if the designated directors violate their fiduciary or other duties to a portfolio company or fail to exercise appropriate levels of care under applicable corporate or

securities laws, environmental laws or other legal or regulatory principles or regimes; and could expose a Closed-End Client to claims that it has interfered in management to the detriment of a portfolio company. In general, a Closed-End Client will indemnify Luxor and its affiliates from such claims. While Luxor intends to manage a Closed-End Client in a way that will minimize its exposure to these risks, the possibility of successful claims cannot be precluded.

Control Investments. Luxor may make control investments. These investments could expose a Closed-End Client to risk of liability for environmental damage, product defect, failure to supervise management, violation of governmental regulations and other types of liability, in which the limited liability characteristic of business operations may be ignored.

The Closed-End Clients may also be exposed to risk in connection with the disposition of these investments. When disposing of these investments, Luxor may be required to make representations and warranties on behalf of the Closed-End Clients about the business and financial affairs of the investments typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities law. The Closed-End Clients may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations and warranties or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which will be borne by the Closed-End Clients.

Reliance on Third-Party Company Management. The day-to-day operations of each investment made for each Closed-End Client will be the responsibility of the relevant portfolio company's management team, which may include representatives of other financial investors with whom Luxor is not affiliated and whose interests may at times conflict with the interests of the clients. Although Luxor will be responsible for monitoring the performance of each investment and generally intends to invest in companies operated by strong management, Luxor will rely significantly on the management teams and board of directors of portfolio companies in which it invests. There can be no assurance that the existing management team of any investment for a Closed-End Client, or any successor thereto, will be able to operate the portfolio company in accordance with Luxor's expectations.

Provision of Managerial Assistance. Luxor, by virtue of the assets it manages for its clients, may obtain rights to participate substantially in and to influence substantially the conduct of the management of certain portfolio companies. Luxor may designate directors (and non-executive chairmen) to serve on the boards of directors of issuers. The designation of directors and other measures contemplated could expose the assets of a Closed-End Client to claims by a portfolio company, its security holders and its creditors. The provision of managerial assistance could expose a Closed-End Client to certain risks, including the risk of litigations. As a result, a Closed-End Client could suffer losses in its investments. In addition, taking a seat on the board of directors will restrict Luxor's ability to transact in the securities of the company. It should also be noted that any individual serving on the board of directors of a company in which Luxor invests Closed-End Client assets will have fiduciary duties to all shareholders of such company, which at times may not be consistent with the short-term needs of the Closed-End Client.

Use of Leverage by Portfolio Companies. Certain portfolio companies may be highly leveraged. Leverage may have important adverse consequences to such portfolio companies. Lenders may subject these companies to restrictive financial and operating covenants and leverage may impair these companies' ability to finance their future operations and capital needs. As a result, flexibility of these companies to respond to changing business and economic conditions and to business

opportunities may be impaired. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

Loans to Private Companies. Loans to private companies involve a number of particular risks that may not exist in the case of large public companies, including that: (i) these companies may have limited financial resources and may be unable to meet their obligations under the loan, which may be accompanied by a reduction in the likelihood of a Closed-End Client realizing on any guarantees a Closed-End Client may have obtained in connection with a loan; (ii) these companies typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns; (iii) typically, these companies will have very limited reporting obligations, so there may be limited or no information available to investors such as a Closed-End Client regarding, among other things, a private company's business prospects and results of operations, so a Closed-End Client will be required to rely on the ability of Luxor's investment professionals to obtain adequate information to evaluate the potential returns from investing in these companies, and if Luxor is unable to uncover all material information about these companies, it may not make a fully informed investment decision, and a Closed-End Client may lose money on such investments; (iv) these companies frequently have less oversight from independent directors, regulatory agencies and others and less seasoned management teams; (v) these companies are more likely to depend on the management talents and efforts of a small group of persons and, as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations; (vi) these companies generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and (vii) these companies may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

PIPE Investing. Luxor may make private investments in equities of publicly traded companies ("PIPEs"). PIPE strategies have historically been significantly more likely to be successful during periods of rising equity prices. In such conditions, not only is it easier to liquidate the equity acquired upon conversion of a Closed-End Client's illiquid and restricted securities, but also the equity price may increase from the date of the conversion, increasing the profit of conversion. PIPE investing also involves making capital commitments to issuers without access to traditional capital markets in situations in which the bankruptcy of the issuer could result in a total loss of the investment and thereby result in losses to a Closed-End Client. Analysis of the financial condition of each issuer is an important component of determining whether to make any such investment.

Digital Assets. A Closed-End Client may hold positions in digital assets from time to time, including, but not limited to, spot virtual currency transactions ("Digital Assets") that pose unique risks to such Closed-End Client. Digital Assets are loosely regulated and there is no central marketplace for currency exchange. Supply is determined by a computer code, not by a central bank, and prices have been extremely volatile. Digital Asset exchanges have been closed due to fraud, failure or security breaches. Any of a Closed-End Client's funds that reside on an exchange that shuts down may be lost.

The prices of Digital Assets, and other instruments in which a Closed-End Client, directly or indirectly, invests may be unavailable. Market movements are difficult to predict and are influenced by, among other things, government trade, fiscal, monetary and exchange control programs and policies; changing supply and demand relationships; national and international political and

economic events; changes in interest rates; and the inherent volatility of the marketplace. In addition, governments from time to time intervene, directly and by regulation, in certain markets, often with the intent to influence prices directly. The effects of governmental intervention may be particularly significant at certain times in the financial instrument and currency markets, and such intervention (as well as other factors) may cause these markets and related investments to move rapidly.

Several factors may affect the price of Digital Assets, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of Digital Assets or the use of Digital Assets as a form of payment. There is no assurance that Digital Assets will maintain their long-term value in terms of purchasing power in the future, or that acceptance of Digital Asset payments by mainstream retail merchants and commercial businesses will continue to grow.

Competition for Investments. The activity of identifying, completing and realizing attractive investments involves a significant degree of uncertainty, and Luxor will compete with many other investors for the acquisition of investments. Such competition may come from groups such as institutional investors, investment managers, industrial groups, and merchant banks which have greater resources than Luxor and its clients and are owned by large and well-capitalized investors. There may be intense competition for investments of the type in which Luxor intends to invest for the Closed-End Clients, and such competition may result in less favorable investment terms than would otherwise be the case. Luxor may be unable to find a sufficient number of attractive opportunities to meet its investment objectives. There can, therefore, be no assurance that investments made with a Closed-End Client's assets will meet all the investment objectives of such Closed-End Client, or that a Closed-End Client will be able to invest all of its available capital.

Expedited Transactions. Investment analyses and decisions by Luxor may be undertaken on an expedited basis in order to take advantage of investment opportunities for the Closed-End Clients. In such cases, the information available to Luxor at the time of an investment decision may be limited, and Luxor may not have access to the detailed information necessary for a full evaluation of the investment opportunity. In addition, Luxor may rely upon independent consultants in connection with its evaluation of proposed investments. There can be no assurance that these consultants will accurately evaluate such investments.

Liquidity and Valuation of Investments. Luxor will invest in securities and other obligations that are subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities and other obligations tend to be volatile and Luxor may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. Because the markets for such securities are still evolving, liquidity in these securities is limited and liquidity with respect to lower-rated and unrated subordinated classes may be even more limited. As a result, calculating the fair market value of each Closed-End Client's holdings may be difficult and there can be no assurance that Luxor's valuation will accurately reflect the value that will be realized upon the eventual disposition of such investment. Luxor may not necessarily aggregate illiquid investments in classes, and may use valuation methodologies for such assets involving subjective determinations.

Currency Hedging Transactions. Certain investments in portfolio companies will be in non-U.S. currency. Therefore, Luxor may hedge against the resulting currency exposure as it deems appropriate. However, changes in currency exchange rates will affect the value of each Closed-End Client's portfolio and the unrealized appreciation or depreciation of investments. Additionally, such hedging transactions may include a credit component pursuant to which a Closed-End Client may be required to grant to its hedging counterparty a security interest in certain of its assets. Accordingly, in such a case, if a Closed-End Client defaults with respect to a currency hedging transaction, then the hedging counterparty could lay claim to an interest in such assets.

Debt Investments in Portfolio Companies. A Closed-End Client may, in certain circumstances, make investments in debt instruments or convertible debt securities in connection with investments in equity or equity-related securities. Such debt may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional indebtedness and there is no minimum credit rating for such debt investments. Various factors may materially and adversely affect the market price and yield of such debt investments, including, without limitation, investor demand, changes in the financial condition of the applicable issuer, government fiscal policy, and domestic or worldwide economic conditions.

Warrants. Certain investments may carry equity warrants, which allow the holder to buy shares of an issuer at a given price, and may be exercised at the holder's discretion during the life of the issuer. These warrants and equity interests are illiquid and it may be difficult for the holder to dispose of them. Equity interests may not appreciate in value and, in fact, may decline in value. Accordingly, the value of the warrants may significantly decline, or become zero, if the value of an issuer's equity is lower than the exercise price.

Investing in securities involves risk of loss that clients and investors should be prepared to bear.

The risks inherent to the Closed-End Approach employed by Luxor, including but not limited to those listed above, are described in further detail in the confidential private offering document for each Closed-End Client.

Item 9 Disciplinary Information

There have been no legal or disciplinary events that are material to a client's or prospective client's evaluation of Luxor's advisory business or the integrity of Luxor's management.

Item 10 Other Financial Industry Activities and Affiliations

Management of Affiliated Investment Funds and Other Entities

Luxor and its related persons manage a number of pooled investment vehicles which are deemed to be related persons of Luxor. These vehicles include Luxor Capital Partners, LP; Luxor Capital Partners Offshore, Ltd.; Luxor Capital Partners Offshore Master Fund, LP; Luxor Capital Partners Liquidating SPV, LLC; Luxor Capital Partners Offshore Liquidating SPV, Ltd.; Qena Capital Partners, LP, Qena Capital Partners Offshore, Ltd., and Qena Capital Partners Offshore Master Fund, LP (collectively, the "Qena Funds"); Luxor Venture Partners, LP, Luxor Wavefront, LP; Thebes Partners, LP, Thebes Partners Offshore, Ltd., and Thebes Offshore Master Fund, LP, (collectively "Thebes"); Lugard Road Capital, LP, Lugard Road Capital Offshore, Ltd., and Lugard Road Capital Master Fund, LP (collectively, "Lugard Road"); Luxor Cardinal, LP; LCG Growth,

LP; Luxor SFR, LP (“Luxor SFR”); Luxor Capital Partners Long, LP; Luxor Capital Partners Long Offshore, Ltd; Luxor Capital Partners Long Offshore Master Fund, LP; LRC Victoria, LP and LRC Victoria Offshore, LP (together “LRC Victoria”); and Whitlow Partners, LP – Series A, Whitlow Partners Offshore, SPC – Series A Segregated Portfolio and Whitlow Partners Master Fund, SPC – Series A Segregated Portfolio (collectively, “Whitlow”) (collectively, the “Affiliated Funds”). The Qena Funds each have multiple classes of interests or shares, as applicable, whose values are determined with respect to separate portfolios. Additionally, LCG Holdings, LLC, as a related person of Luxor, is the general partner and sponsor of LCG Land Development 1, LP, a Delaware limited partnership engaged in real estate investing, and Luxor provides advice to such limited partnership with respect to such real estate investments.

The management of multiple pooled investment vehicles or other entities may result in conflicts of interests when Luxor and its related persons allocate their time and investment opportunities among the Affiliated Funds, entities and other clients. In addition, the compensation earned by Luxor and its related persons from each of the Affiliated Funds and other entities may differ from one another and other clients. Luxor and its related persons will generally follow documented procedures in allocating trades and investments among Affiliated Funds and other clients (*see Item 12 - “Allocation of Investment Opportunities” below*).

Subject to applicable law, Luxor may effect transactions (generally for rebalancing purposes and to correct misallocations of trades) among its clients (including certain of the Affiliated Funds) in which one client account will purchase securities from or sell securities to another client account (including Affiliated Funds in which Luxor or its related persons may have a significant interest). This may result in a conflict of interest because a potential transaction may result in benefits to one transacting party that may be greater than the benefits to the other transacting party. In order to mitigate such conflicts, such transactions shall be effected only when Luxor believes that such transactions are in the best interest of the applicable clients. Such transactions shall be effected for cash consideration, generally at the closing price of the particular security, and no brokerage commission or transfer fee shall be paid to Luxor or its related persons in connection with any such transaction. To the extent that such transactions may be viewed as principal transactions (as such term is used under the Investment Advisers Act of 1940, as amended (the “Advisers Act”)) due to Luxor’s and its related persons’ ownership interest in such Affiliated Funds, Luxor and its related persons will comply with the requirements of Section 206(3) of the Advisers Act. Such cross trades will typically be effected only among Open-Ended Clients.

In addition, except for cross trades to correct misallocations of trades among client accounts and for cross trades that are exempt from the prohibited transaction rules under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and the Internal Revenue Code of 1986, as amended (the “Code”), as provided by the Pension Protection Act of 2006, Luxor shall not effect any cross trades on behalf of any client account that constitutes “plan assets” under ERISA or the Code.

Certain management persons (and/or other related persons) may have a greater portion of their personal assets invested in certain of the Affiliated Funds than in the others. As a result, Luxor may have a conflict of interest in allocating investment opportunities among the Affiliated Funds. Luxor and its related persons will generally follow documented procedures in allocating trades among such Affiliated Funds. (*See Item 12 - “Allocation of Investment Opportunities” below.*)

Affiliated Management Companies

LCG Holdings, LLC, LCG Growth GP, LLC, and Luxor Venture Partners GP, LLC, each a Delaware limited liability company are also principally owned (directly or indirectly) and controlled by Mr. Leone. Lugard Road Capital GP, LLC is a Delaware limited liability company that is controlled by Jonathan Green, who is an employee of Luxor, and Mr. Leone. Mr. Green and Mr. Leone are the principal owners of such entity. These entities serve as the general partner, managing member and/or sponsor to certain of the private investment funds and other entities managed by Luxor. There are no material conflicts of interest resulting from the relationship between Luxor and these other investment advisers other than any conflicts described above.

Luxor may also allocate a portion of a client's capital to private investment funds and other accounts in which Mr. Leone and his affiliates may have an economic interest (*see Item 5 "Fees and Compensation" above*).

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

Luxor has adopted a Code of Ethics (the "Code of Ethics"). Luxor's Code of Ethics provides that Luxor is committed to conducting business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, Luxor recognizes that it has a fiduciary duty to the investors in the private investment funds and other accounts managed by Luxor, and that all employees must conduct their business on behalf of Luxor in a manner that enables Luxor to fulfill this fiduciary duty. In this regard, Luxor has developed policies and procedures in its Code of Ethics that are premised on fundamental principles of openness, integrity, honesty and trust. In addition, among other things, the Code of Ethics governs all personal investment transactions by Luxor's employees, Luxor's policies with respect to gifts and entertainment, Luxor's policies with respect to political contributions, Luxor's general policy with respect to compliance with applicable federal securities laws, the manner in which violations of the Code of Ethics are to be reported, and certain other outside activities of Luxor's employees. Luxor will provide a copy of its Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions and Transactions between Client Accounts

Luxor recommends that prospective clients invest in the private investment funds managed by Luxor. Mr. Leone and other management persons have significant personal investments in these funds. In addition, Luxor and its affiliates receive performance-based fees and allocations (including carried interest allocations) from these funds.

Subject to applicable law, Luxor may effect transactions between certain client accounts (generally for rebalancing purposes and to correct misallocations of trades) whereby one client account will purchase securities from or sell securities to another client account (*see Item 10 above*).

Further to the above in Item 10, in the event that Luxor effects a cross trade between an account in which it or its controlling persons own more than twenty-five percent (25%) and another client account, such transaction may be deemed to be a principal transaction under the Advisers Act. Such transactions may create a conflict of interest for Luxor because Luxor may put its or its control persons' interests in such accounts before the interests of its clients in the other account. In order to mitigate this conflict of interest, Luxor monitors the interests of the principals of Luxor, their immediate family members and their affiliates in its accounts, as well as the interests in the accounts

of Luxor's employees, on a monthly basis, and Luxor will not effect any cross trades between accounts if it believes that such trade would result in a principal transaction unless:

- 1) Luxor believes that such transaction is in the best interest of the clients participating in the transaction; and
- 2) Luxor obtains the consent of the applicable clients as required by the Advisers Act.

Personal Securities Trading by Luxor Personnel

Under the Code of Ethics, Luxor generally prohibits personal securities trading by all personnel, other than investing in registered open-end investment companies (*i.e.*, mutual funds), direct obligations of the Government of the U.S., bankers' acceptances, bank certificates of deposit, commercial paper, short-term, high quality debt securities, including repurchase agreements, and such other money market or investment instruments as may be authorized by Luxor's Chief Compliance Officer from time to time.

Notwithstanding the foregoing, Luxor's personnel may, subject to black-out periods, (i) unwind positions acquired prior to their joining the firm or the implementation of Luxor's no-trading policy and (ii) purchase or sell interests in exchange-traded funds (ETFs), private investment funds and other private investment opportunities, in each case, upon receiving prior written approval from Luxor's Chief Compliance Officer. Additionally, Luxor personnel may transact in securities through non-discretionary accounts, provided that any such non-discretionary account has been approved by Luxor's Chief Compliance Officer.

If there is limited availability to participate in an investment in a private investment fund in which Luxor personnel and one or more Luxor client accounts wish (and are able) to participate, the Luxor client accounts will be allocated the investment (subject to their respective investment mandates, risk and/or operating guidelines and available capacity and Luxor's allocation policy – *see Item 12 - "Allocation of Investment Opportunities" below*) before Luxor personnel will be permitted to participate in the investment.

Timing of Transactions for Client Accounts and Affiliated Funds

Luxor may buy or sell securities for one client at the same time that it or its related persons buys or sells the same security for one or more other clients (including the Affiliated Funds which are related persons of Luxor). This will typically happen when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. This may create a conflict of interest if one account may benefit from making the trade before or after the other account. Luxor will generally aggregate trades, subject to best execution, to avoid any such conflict of interest (*see Item 12 - "Aggregation of Orders"*).

Luxor personnel are generally subject to a no-trading policy, however they may be permitted to unwind existing securities positions (*see "Personal Securities Trading by Luxor Personnel" above*). In order to prevent Luxor personnel from selling securities at the same time that Luxor is buying or selling the same securities for its clients' accounts, such personnel must receive the prior approval of Luxor's Chief Compliance Officer and generally will not be permitted to:

- 1) engage in "front-running" of client accounts, which is a practice generally understood to be personally trading ahead of client accounts; or

- 2) sell a security that has been sold by a client account within the preceding three (3) days.

Item 12 Brokerage Practices

Selection of Brokers

In placing portfolio transactions for its clients with brokers, Luxor seeks to obtain the best execution for its clients' accounts, taking into account the following factors: the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying Luxor's selection criteria.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Luxor will not commit to provide any level of brokerage business to any broker, and actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above.

On a quarterly basis, Luxor personnel who review best execution (which includes the Chief Compliance Officer, Chief Operating Officer and representatives of the trading and operations teams) shall periodically evaluate the execution performance of the broker-dealers it uses to execute its client transactions. Best execution may be a qualitative rather than quantitative standard. The Luxor personnel who review best execution will also review commissions paid to brokers, soft dollar arrangements and conflicts of interest (which may, among other reasons, exist if a broker-dealer provides services (other than providing research) to Luxor or an employee has the ability to direct business to a broker-dealer where his or her family member is employed). Luxor's compliance department shall maintain documentation of such review.

Research and Other Soft Dollar Benefits

Luxor enters into soft dollar arrangements with brokers. Soft dollar arrangements arise when an investment adviser obtains products and services, other than securities execution, from a broker in return for directing client securities transactions to the broker. Soft dollar arrangements pose a conflict of interest for Luxor in that such arrangements allow Luxor to pay with client commissions expenses that would otherwise be borne by Luxor. When Luxor uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, Luxor receives a benefit because it does not have to produce or pay for the research, products or services. Luxor believes that this conflict is mitigated because applicable clients will generally pay for research as a "hard dollar" expense pursuant to their respective investment management agreements. Luxor may have an incentive to select a broker based on Luxor's interest in receiving the research or other products or services offered by such broker, rather than on its clients' interest in receiving most favorable execution.

When engaging in soft dollar transactions, Luxor complies with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under this provision, in exercising its discretionary authority to select or arrange for the selection of brokers for execution of transactions for its clients, and, subject to its duty to obtain best execution, Luxor may consider

the value of research and brokerage products and services (collectively, “Research”) provided by such brokers. Research may include, among other things, proprietary research from brokers, which may be written or oral. Research products may include, among other things, databases and quotation services. Research services may include, among other things, research concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, pricing data and availability of securities, financial publications, electronic market quotations, performance measurement services, analyses concerning specific securities, companies, industries or sectors, market, economic and financial studies and forecasts, appraisal services, and invitations to attend conferences or meetings with management or industry consultants. Accordingly, if Luxor determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, a client may pay commissions to such broker in an amount greater than the amount another broker might charge.

Research provided by such brokers may be used to service all client accounts and not exclusively in connection with the management of the client account that generated the particular soft dollar credits.

Where a product or service obtained with client commission dollars provides both research and non-research assistance to Luxor, Luxor will make a reasonable allocation of the cost which may be paid for with client commission dollars.

Luxor’s prime brokers provide Luxor with front and back office services, including trading, securities lending, clearing, reporting, and settlement for equities, fixed income, foreign currency and options, among others. Subject to applicable law, prime brokers may also provide Luxor with capital introduction services.

Luxor executes securities transactions on behalf of certain client accounts with broker-dealers that provide Luxor with access to proprietary research reports (such as standard investment research and credit reports). To the best of Luxor’s knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. These bundled services are made available to Luxor on an unsolicited basis and without regard to the rates of commissions charged or paid by client accounts or the volume of business that Luxor directs to such broker-dealers.

During Luxor’s last fiscal year, Luxor and its affiliates acquired with client brokerage commissions (or markups or markdowns) (i) research, such as proprietary research from brokers, which may be written or oral; (ii) research products, such as databases and quotation services; and (iii) research services, such as research concerning market, economic and financial data; a particular aspect of economics or on the economy in general; statistical information; pricing data and availability of securities; financial publications; electronic market quotations; performance measurement services; analyses concerning specific securities, companies, industries or sectors; market, economic and financial studies and forecasts; appraisal services; and invitations to attend conferences or meetings with management or industry consultants.

During Luxor’s last fiscal year, Luxor has taken into account the quality, comprehensiveness and frequency of available research services and products considered to be of value provided by brokers when directing client transactions to a particular broker. Luxor directed transactions to such brokers only consistent with best execution. Brokers sometimes suggest a level of business they would like to receive in return for the research services and products they provide, however Luxor has not committed to provide any level of brokerage business to any broker. The Luxor personnel

who review best execution also evaluated, on a quarterly basis, the execution performance of the broker-dealers it uses to execute its client transactions and resolved any conflicts of interest that Luxor may have had in selecting brokers to execute client transactions.

Brokerage for Client Referrals

Subject to applicable law, Luxor may direct some client brokerage business to brokers who refer prospective investors to the private investment funds managed by Luxor, consistent with best execution. Because such referrals, if any, are likely to benefit Luxor but will provide an insignificant (if any) benefit to clients, Luxor will have a conflict of interest with its clients when allocating client brokerage business to a broker who has referred investors to a private investment fund managed by Luxor. To prevent client brokerage commissions from being used to pay investor referral fees, Luxor will not allocate client brokerage business to a referring broker unless Luxor determines in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to the client account.

Allocation of Investment Opportunities

Luxor may at times determine that certain securities will be suitable for acquisition by more than one client account. In such situations, Luxor follows documented procedures in allocating investment opportunities among such accounts. Under such procedures, Luxor generally allocates investment opportunities so that each security held by the accounts following a substantially similar investment strategy is held on a pari passu basis subject to position targets and limits applicable to certain client accounts.

With respect to accounts following similar, or overlapping, investment strategies, trades will be allocated to such accounts in a manner deemed equitable over time in Luxor's good faith discretion (it being recognized that different accounts managed by Luxor or its affiliates implementing certain of the same or similar strategies will not, for a wide range of reasons, invest on a parallel basis in all of the same investments). For a variety of reasons, Luxor may weigh positions differently among accounts following a similar or overlapping investment strategy, and certain accounts may also hold positions that are not held by other accounts. For example, any two or more accounts managed by Luxor may have different positions, even though such accounts follow a similar investment strategy, because the accounts have different portfolio managers (each, a "Portfolio Manager") that have different views as to the extent that, or whether, a particular investment opportunity fits within the portfolio that such person manages, and/or have conducted different levels of diligence generally corresponding to their conviction level related to such investment opportunity. Luxor's documented procedures also address allocating investment opportunities among client accounts in such circumstances.

The factors that Luxor may consider when determining which securities to allocate to each client account include, but are not limited to, the investment objectives and restrictions of each client account; the overall portfolio composition of the client accounts; relative capital available for investment in the applicable client account; liquidity of the security; market capitalization and/or enterprise value of the underlying credit; position size; industry exposure; market exposure; gross, net, long and short exposure; applicable tax considerations; and historical differences in the trading programs followed by the client accounts.

With respect to certain accounts for which Mr. Leone serves as the Portfolio Manager, Mr. Leone has delegated certain traders and research analysts individual investment discretion over designated

subsets of assets subject to limited parameters established by Mr. Leone. In addition to the parameters around such delegated discretion, Mr. Leone monitors the investment activity of such traders and research analysts with respect to the designated client asset subsets. Nonetheless, this may result in such accounts trading in the same position in different directions at or about the same time and/or such account holding economically offsetting positions. Such activity will result in higher overall transaction expenses for the account. There is also a risk that a trader or research analyst breaches a parameter, including placing a trade in excess of its designated subset of client assets.

In addition, certain client accounts managed by Luxor may have allocation priority if such account has an investment program more specifically targeted and/or better aligned liquidity terms or portfolio liquidity for a particular investment opportunity. Specifically, certain client accounts have set allocation priority with respect to other client accounts that are “overflow” vehicles and are allocated investments only to the extent such investments are too large for such other client accounts. Moreover, Luxor and its affiliates are not obligated to disclose or refer to an account any particular investment opportunity, and Luxor may choose not to allocate a particular investment opportunity to an account for any reason, including those discussed above. New issues (as defined by FINRA rule 5130) are allocated to client accounts in accordance with the criteria set forth above.

Upon reaching the portfolio construction limitations and/or guidelines for its relevant clients, Luxor may, but will not be obligated to, offer individuals and entities (including, without limitation, the affiliates of Luxor, employees of Luxor or its affiliates, investors in accounts or private investment funds managed by Luxor and/or their respective affiliates) the right to co-invest in, or provide financing to, certain investment opportunities in which one or more of Luxor’s private investment fund clients have invested or that become available to such clients. Luxor follows documented procedures in allocating such co-investment opportunities among co-investors and client accounts.

Trade Error Policy

Subject to applicable law, Luxor will reimburse the applicable client account(s) for net losses that occur as a result of trade errors resulting from Luxor’s gross negligence, fraud or willful misconduct. Notwithstanding the foregoing, Luxor reserves the right, with the approval of its Chief Compliance Officer, to reimburse the applicable account(s) for net losses that result from trade errors that fall within certain parameters established by Luxor from time to time. As of the end of each month, net gains or losses from trade errors are determined. Net losses are reimbursed monthly, and net gains offset future losses in future months within the same calendar year.

Luxor may correct misallocations of trades among client accounts by re-allocating the applicable trade using the intended allocation methodology prior to the trade’s settlement date. If an erroneous allocation cannot be corrected prior to or after settlement, Luxor may, if appropriate and subject to applicable law, correct such erroneous allocation by effecting a cross trade between applicable client accounts at the price at which the initial trade was effected.

Aggregation of Orders

Luxor will generally aggregate trades of participating clients (primarily Open-Ended Clients), subject to best execution. Aggregation, or “bunching,” describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for Luxor generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. In such event, securities purchased or sold

will generally be allocated among participating client accounts on an average price basis. When an aggregated order is only partially filled, Luxor will allocate the investment opportunity as described above in this Item 12.

Luxor may also aggregate subsequent orders for the same security entered during the same day with any previously filled orders. This determination may take into consideration changes in the market price of the security and differences in allocations among accounts.

Item 13 Review of Accounts

Client portfolios are typically reviewed daily, and their performance analyzed, by Luxor's investment professionals, including, but not limited to, Christian Leone (Portfolio Manager), Michael Conboy (Director of Credit Research and Portfolio Manager for the Credit Clients and Luxor SFR), Jonathan Green (Portfolio Manager for Luard Road, LRC Victoria, and Whitlow) and members of the trading team. Client portfolios are also reviewed by members of the operations team and Adam Miller (Chief Operating Officer) to monitor compliance with the applicable trading mandate and any applicable risk and/or operating guidelines. The Chief Compliance Officer is also involved in the review of trading activity and account allocations. Client investments are evaluated based on performance, company fundamentals, news and press releases, analyst reports, general market conditions and such other considerations as Luxor deems appropriate.

Luxor may, in its discretion, furnish investors in the private investment funds that it manages with periodic written unaudited performance reports on a monthly or quarterly basis. On an annual basis, investors receive a copy of the relevant fund's annual audited financial statements and, where applicable, a statement of taxable income (form K-1).

Luxor and its affiliates have entered into "side letter" agreements pursuant to which they provide certain investors access to more frequent and/or more detailed information regarding the private investment funds' securities positions (including position level transparency on a monthly basis), performance, finances, and management and/or other information about the private investment funds or Luxor (including, notification of the commencement of certain disciplinary actions, legal proceedings, investigations or similar matters against a fund, Luxor and/or its personnel, or of redemptions from a fund by Luxor and/or its personnel), possibly enabling such investors to better assess the prospects and performance of the funds.

Luxor and its affiliates may also provide certain information to investors or prospective investors in response to questions and requests, and/or in connection with due diligence meetings or other communications. Such information will not be distributed to other investors and prospective investors who do not request such information. Each investor is responsible for asking such questions as it believes are necessary to make its own investment decisions and must decide for itself whether the limited information provided by Luxor is sufficient for its needs.

Luxor may provide the owners of separately managed accounts it may manage from time to time with periodic unaudited reports at such times as the owners of such accounts and Luxor agree. The custodians of such accounts may send account statements to the owners of such accounts no less frequently than monthly. In addition, since a managed account investor would directly own the positions in its separately managed account, such investor could have full, real-time transparency as to all transactions and holdings in such account, and may be better able to assess the future prospects of a portfolio that is substantially similar to the portfolios of the private investment funds managed by Luxor.

Item 14 Client Referrals and Other Compensation

Luxor does not receive any economic benefit from any person that is not a client in exchange for providing investment advice or other advisory services to its clients. Neither Luxor nor any of its related persons directly or indirectly compensates any person who is not a supervised person of Luxor for client referrals.

Item 15 Custody

As noted above in Item 13, owners of the separately managed accounts Luxor may manage from time to time may receive account statements no less frequently than monthly from the custodians of such accounts. Clients should carefully review these statements that are received from the custodians of such accounts.

Although Luxor is technically deemed to have custody of the assets of the funds managed by Luxor, investors in such funds receive audited financial statements in lieu of account statements from the funds' custodians.

Item 16 Investment Discretion

Luxor has discretionary authority to manage securities accounts on behalf of its clients. The investors in the private investment funds managed by Luxor generally may not place any limits on Luxor's authority beyond the limitations set forth in the offering and governing documents of such private investment funds. On a case by case basis, owners or managers of the separately management accounts Luxor may manage from time to time may negotiate certain risk and/or operating guidelines that Luxor will adhere to when exercising its discretionary authority over such accounts.

Mr. Leone is the Portfolio Manager for all client accounts except as follows. Michael Conboy is the Portfolio Manager for the Credit Clients and Luxor SFR. Jonathan Green is the Portfolio Manager for Lugard Road, LRC Victoria and Whitlow. As discussed further in Item 12 above, certain of Luxor's traders and research analysts have been delegated individual investment discretion over designated subsets of assets subject to limited parameters established by Mr. Leone.

Item 17 Voting Client Securities

Luxor generally has voting discretion over securities held in its clients' accounts. Clients are generally not able to direct their votes in a particular situation. Luxor will exercise its discretion in the best interests of its clients. In fulfilling its obligations to clients, Luxor will act in a prudent and diligent manner intended to enhance the economic value of the securities. Luxor has adopted a proxy voting policy which is summarized below.

Luxor has retained Institutional Shareholder Services ("ISS") to provide research, vote execution, reporting, recordkeeping and reconciliation services. Luxor generally follows the voting guidelines established by ISS. Authorized investment management personnel, however, may override ISS recommendations on a case-by-case basis, provided that Luxor does not face a conflict of interest in voting such securities. Luxor conducts ongoing oversight of ISS to ensure that proxies are being voted in the best interests of Luxor's clients and the recommendations from ISS are not based on material factual errors. In addition, Luxor will periodically conduct formal due diligence on ISS, including an analysis to determine whether it believes ISS continues to have the capacity and competency to adequately analyze proxy issues.

While ISS has been retained to assist in voting the proxies of U.S. and non-U.S. issuers, it should be noted that voting proxies of foreign companies may involve a number of logistical problems that may have a detrimental effect on Luxor's ability to vote such proxies, *e.g.*, restrictions on a foreigner's ability to exercise votes or requirements to vote proxies in person. When facing logistical issues, Luxor will vote proxies on a best-efforts basis and may conduct a cost-benefit analysis to determine whether it is worth the cost involved to vote shares in such circumstances.

Luxor has adopted the voting guidelines of ISS. In votes determined by such guidelines, Luxor will generally follow the recommendations made by ISS, but retains the right to depart from such recommendations if it believes in a particular case that a vote in accordance with such guidelines would not be in the best interests of Luxor's clients. With respect to matters not determined by the voting guidelines and requiring case-by-case analysis, *e.g.*, mergers and corporate restructurings, Luxor will review the research and recommendations provided by ISS, but may independently perform research and reach its own conclusions as to what is in the best interests of Luxor's clients.

Luxor will maintain a "Proxy Conflicts Watch List" containing the names of issuers with respect to which Luxor has identified a conflict of interest. Such conflicts may arise, for example, from the following relationships:

- 1) the issuer is an investor in a fund or account managed by Luxor;
- 2) the issuer has a material business relationship with Luxor;
- 3) the proponent of a proxy proposal has a business relationship with Luxor (*e.g.*, the proponent is a pension plan for which Luxor manages money);
- 4) Luxor has material business relationships with candidates for director in a proxy contest; or
- 5) an employee of Luxor has a personal interest in the outcome of a particular matter.

This list provides examples of possible conflicts of interest and is not meant to be comprehensive. Each employee must notify Luxor's Chief Compliance Officer of any potential conflicts of interest of which he or she is aware, and the Chief Compliance Officer shall make a determination as to whether an item should be added to the Proxy Conflicts Watch List.

If Luxor is authorized to vote a proxy with respect to an issuer or a person or entity that appears on the Proxy Conflicts Watch List, Luxor shall rely exclusively on the recommendation of ISS.

Special considerations may apply in cases of conflicts of interest involving ERISA clients. Luxor will confer with appropriate ERISA counsel in such cases.

Clients and the investors in the private investment funds sponsored by Luxor may obtain a copy of Luxor's proxy voting policies upon request by contacting Luxor's Chief Compliance Officer. Further, separately managed account clients and the directors, general partners and managing members of the private investment funds sponsored by Luxor may obtain information regarding how Luxor voted the securities in the applicable client's account by contacting the Chief Compliance Officer.

Luxor has also retained ISS to monitor securities class action lawsuits in which the Luxor-managed funds may be eligible to participate. ISS will file claims on behalf of the funds and follow up on

their status in jurisdictions which allow securities collective actions, provided that the actions meet certain specifications. For all claims that it files on behalf of the funds, ISS will process all checks and disbursements made by claims administrators. All proceeds will be allocated to existing investors in the relevant fund(s), and ISS is paid a flat subscription fee for its services.

Item 18 Financial Information

Luxor does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, and therefore is not required to include a balance sheet for its most recent fiscal year.

Luxor is not aware of any financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

Item 19 Requirements for State-Registered Advisers

Luxor is not a State-Registered Adviser.