

Disclosure Brochure

March xx 2021

Wolf River Capital Management, LLC

a Registered Investment Adviser

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This brochure provides information about the qualifications and business practices of Wolf River Capital Management, LLC (hereinafter "WRCM"). If you have any questions about the contents of this brochure, please contact Gina Douglas at (901) 312-9653. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additional information about Wolf River Capital Management, LLC is available on the SEC's website at www.adviserinfo.sec.gov.

Wolf River Capital Management, LLC is an SEC registered investment adviser. Registration does not imply any level of skill or training.

Item 2. Material Changes

This Item discusses only the material changes that have occurred since WRCM's last annual update filed March 30, 2020. Item 10 has been updated to reflect that the firm no longer has related investment adviser, Wolf River Capital ~~Management~~, Mississippi, ~~LLC~~. WRCM is now manager as well as adviser to the funds managed by the former related adviser as of January 1, 2021-. While certain information has been updated, the firm has not made any material changes to the content of the brochure.

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Item 4. Advisory Business

WRCM is a registered investment adviser focused on distressed investments. WRCM seeks opportunities at the intersection of structured finance and small and mid-cap financial institutions. WRCM has been in business as an SEC registered investment adviser since January 15, 2009 and was formed in 2008 to capitalize on the dislocation in the credit markets. R. Davis Howe, James Wingett, Douglas Duncan, Gina Douglas, and William Renovich are the principal owners of WRCM.

WRCM provides investment management services to eight private funds as well as separate accounts.

While the funds are generally WRCM's clients, the term "client(s)" in this brochure sometimes refers to the investors in the funds.

WRCM had \$268,564,653 of assets under management as of January 1, 2021, all of which was managed on a discretionary basis.

This Disclosure Brochure describes the business of WRCM. Certain sections will also describe the activities of *Supervised Persons*. *Supervised Persons* are any of WRCM's officers, partners, directors (or other persons occupying a similar status or performing similar functions), or employees, or any other person who provides investment advice on WRCM's behalf and is subject to WRCM's supervision or control.

Investment Management Services

WRCM provides investment management services to clients through separate accounts. For separate account clients, WRCM primarily allocates client assets among various individual debt securities. When WRCM is engaged to provide separate account investment management services, WRCM may charge a separate fee which will be agreed upon prior to rendering the services. Prior to engaging WRCM to provide services, the client will be required to enter into a written agreement with WRCM setting forth the terms and conditions under which WRCM will render its services.

Management of Collective Investment Vehicles

WRCM provides advisory services to several private funds, including the Wolf River Partner Fund (*the "Partner Fund"*), the Wolf River Opportunity Fund, the Wolf River Opportunity Fund II (together the "Opportunity Funds") and four Fund of Funds which are the Wolf River Opportunity Series, LLC (the "Opportunity Group" as described below) ~~its series of funds (the "Opportunity Funds" as described below)~~, and a third-party sponsored fund, American Lion, LP. WRCM also provides subadvisory services with respect to several additional funds, including NFC Insurance Partners, LLC, NFC Partners, LLC, Wilson Family Opportunistic Fixed Income Fund, LP, and Pittco Absolute Return Portfolio LP all advised and subadvised funds are collectively referred to as the "*Funds*"). Interests in the *Funds* are privately offered pursuant to Regulation D under the Securities Act of 1933, as amended. The *Funds* currently rely on an exclusion from registration under Section 3(c)(1) of the Investment Company Act of 1940, as amended

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(the "Company Act"), which permits private investment companies to sell their interests, on a private placement basis, to not more than 100 persons (subject to certain look-through requirements).

WRCM will provide services to the *Funds* until terminated by either party pursuant to the offering partnership agreement for the *Funds*.

All relevant information, terms and conditions relative to the *Partner Fund* ~~or the Opportunity Group~~, including the compensation received by WRCM or an affiliate, withdrawal rights, minimum investments, qualification requirements, suitability, risk factors and potential conflicts of interest, are set forth in the partnership agreement for the *Partner Fund*, or the LLC agreement for the *Opportunity Group Funds*, which each investor is required to receive and/or execute prior to being accepted as an investor in the *Partner Fund* or *Opportunity Funds*. A conflict of interest exists because the interests in the *Partner Fund* ~~or Opportunity Funds~~ are owned exclusively by principals, spouses of principals, trusts related to principals, and employees of WRCM, which creates an incentive for WRCM to favor the *Partner Fund* or *Opportunity Funds* when allocating investment opportunities among its clients. Nonetheless, WRCM is committed to ensuring that it acts in the best interest of all of its clients when allocating investment opportunities among its clients. Nonetheless, given the above discussion relative to the objectives, suitability, risk factors, and qualifications for participation in the *Partner Fund* and *Opportunity Funds*, WRCM may give advice or take action with respect to the *Partner Fund* that differs from that for its other clients. To the extent that a particular investment is suitable for both the *Partner Fund*, ~~the Opportunity Funds~~, and its other clients, such investments will be allocated between the *Partner Fund* and its other clients in a manner which WRCM determines is fair and equitable under the circumstances to all of its clients.

WRCM serves as the discretionary investment manager for the *Opportunity Groups Funds*, which are comprised of The Wolf River Opportunity Fund, LLC and the Wolf River Opportunity Fund II, LLC ~~and the Wolf River Opportunity Series, LLCs with a series of different investment class shares~~. These investment vehicles seek to achieve risk-adjusted returns by capitalizing on opportunities in the credit markets. The *Opportunity Funds* are exempt from registration under the Investment Company Act of 1940, and the interests in the *Opportunity Funds* have been privately offered pursuant to Regulation D under the Securities Act of 1933. The Firm tailors its management services with respect to the *Opportunity Funds* in accordance with its stated investment objectives. All relevant information about the *Opportunity Funds* is set forth in the limited liability company operating Agreement for each fund which each investor is required to execute prior to being accepted as an investor.

The *Opportunity Group is Funds are* wholly owned by WRCM partners and employees. ~~They~~ The Opportunity Series, LLCs are invested in various opportunities outside of WRCM's area of expertise and so, these types of investments are not offered to outside clients.

Item 5. Fees and Compensation

WRCM charges a fee based upon a percentage of committed capital, invested capital, or the market value of the assets being managed by WRCM (“*base fee*”), in addition to a fee based on the performance of the account (“*performance fee*”). WRCM does not charge fees on the *Opportunity Funds* or Opportunity Series accounts.

Performance Fee

As discussed above in Item 4, all relevant information, terms and conditions related to the compensation received by WRCM or an affiliate are set forth in the partnership agreement, as appropriate. With performance based fee arrangements, there is the potential for conflicts of interest in that the performance compensation may be an incentive for the manager to make investments that are riskier or more speculative than would be the case absent a performance compensation agreement.

In addition to the fees described above, the *Funds* will pay certain expenses of the *Funds* which may include, but are not limited to, operational expenses (including fees and expenses payable to the administrator), expenses of custodians, paying agents, consultants, counsel and accountants, brokerage commissions and other investment fees and costs, any insurance, indemnity or litigation expense, financing costs, auditing expenses, financial statement and tax return preparation costs, filing and registration fees, expenses of winding up and liquidation, and any taxes, fees or other governmental charges levied against the *Funds*. All relevant information related to the expenses paid by the *Funds* is set forth in each Fund’s partnership agreement.

Fees Charged by Financial Institutions

As further discussed in response to Item 12 (below), WRCM generally utilizes the administration services of U.S. Bancorp Fund Services, LLC (“*U.S. Bancorp*”) for investment management accounts. U.S. National Bank Association will serve as custodian (“*U.S. Bank*”) for the *Partner Fund* and the *Opportunity Funds*.

WRCM is given discretion to determine what financial institutions the *Funds* utilize and will arrange for the set-up of accounts with the appropriate financial institutions. Financial institutions include, but are not limited to, *U.S. Bancorp*, *U.S. Bank*, broker-dealers, trust companies, banks, etc. (collectively referred to as the “*Financial Institutions*”). The *Funds* will incur certain charges imposed by the *Financial Institutions* and other third parties, which are disclosed in each fund’s partnership agreement (e.g., fund management fees and other fund expenses).

With respect to separate account management, in addition to the fees charged by WRCM for managing separate accounts, clients also incur certain charges imposed by *Financial Institutions*. These additional charges include securities brokerage commissions, mark-ups and mark-downs on fixed-income

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transactions, other transaction costs, custodial fees, reporting charges, deferred sales charges, odd-lot differentials, transfer taxes, wire transfer and electronic fund fees, and other fees and taxes on brokerage accounts and securities transactions. The Firm's brokerage practices are described at length in Item 12, below.

With respect to all accounts, except *Partner Fund* and the *Opportunity ~~Group Funds~~*, clients do not provide WRCM with the authority to directly debit their accounts for payment of the investment management fees. Rather, the Firm sends a separate invoice for direct payment.

Item 6. Performance-Based Fees and Side-by-Side Management

As discussed in response to Item 5, above, WRCM generally renders investment management services to *qualified clients* that include performance-based fees. This fee arrangement raises potential conflicts of interest. The performance fee may be an incentive for WRCM to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In addition, should WRCM charge performance-based fees to some clients and also provides similar services to accounts not being charged performance-based fees, there is an incentive to favor accounts paying a performance-based fee.

WRCM has procedures in place to ensure that any recommendations made are in the best interest of clients regardless of the client paying a performance-based fee or different type of fee.

Item 7. Types of Clients

WRCM provides its services to the *Funds* as well as to charitable organizations, pooled investment vehicles, corporations, and other business entities.

Minimum Investment

WRCM does not impose a minimum investment amount or minimum fee to retain its services. No real minimum is imposed on the *Funds*.

Item 8. Method of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

Investment Objective

WRCM's investment objective is to seek positive risk-adjusted returns on capital primarily through the purchase of trust preferred securities, subordinated debt securities or other securities, including equity securities, issued by banks, thrifts, insurance companies or other similar financial institutions or holding companies of real estate investment trusts and Securitized Pools (including the junior-most tranches) of such securities (collectively, "Portfolio Securities").

Investment Strategy

WRCM seeks to identify selected Portfolio Securities that are undervalued and, accordingly, present opportunities for attractive, risk-adjusted returns. WRCM believes that stress in the financial sector during the global great recession, caused many securities to be deeply discounted and that the difficulty of analyzing the underlying collateral and structures of Securitized Pools in this environment led to discounted pricing of these securities. As the economic recovery continued, substantial price recovery ~~has~~ occurred in many of these securities. Periodically, these securities trade at levels representing substantial relative value to market alternatives. Subsequent economic uncertainties such as the recent COVID-19 pandemic have also led to price volatility in these securities and therefor trading opportunities.

Combined, WRCM's eight (8) professionals have extensive experience on the equity and debt sides of the financial markets, as well as operational and investment experience within the banking, insurance, and investment banking industries. Additionally, prior to employment by WRCM, seven of WRCM's eight professionals underwrote, structured and placed many of the Securitized Pools in which the *Funds* and other clients invest. The targeted asset classes and investment strategies of the *Funds* include, but are not limited to, the following:

- *Securitized Pools* – The primary focus of the *Funds* will be investment in securities from Securitized Pools of trust preferred securities and subordinated debt issued by bank holding companies, banks, insurance companies and real estate investment trusts. These Securitized Pools were largely originally issued between 2000 and 2007. Generally, the underlying collateral of the pools originally consisted of 50 to 100 obligors. The transactions have different interest and principal waterfalls. The *Partner Fund* may purchase bonds from various tranches of the Securitized Pools.
- *Trust Preferred Securities* – WRCM expects that the *Partner Fund's* investments will also include trust preferred securities issued by bank holding companies and insurance companies. Generally, trust preferred securities have a 30-year maturity period from the date of issuance, with an initial

non-call period of five (5) years. The securities have a five (5) year deferral option, where the issuer can defer its interest for a period of five (5) years without having such deferral result in an event of default. If the issuer exercises its deferral option, it is prohibited from paying interest and dividends on or redeeming forms of debt or equity that are *pari passu*, or subordinate to the trust preferred securities, including senior preferred stock issued via the Treasury Department's Capital Purchase Program, non-cumulative preferred stock, and common stock.

- The *Funds* may also invest in other debt and equity of both public and private companies.
- From time to time the *Funds* may invest in other assets classes to provide diversification including, but not limited to; other non-correlated hedge funds, real estate partnerships, and other hard assets.
- *Short Sales* – WRCM may also sell short selected Portfolio Securities with a goal of enhancing performance and reducing risk. These selected Portfolio Securities may be sold short because WRCM believes that their trading price represents overvaluation relative to normalized business and industry fundamentals and their spreads do not reflect the underlying risk of the respective security. WRCM may also sell short certain Portfolio Securities to hedge existing positions of the *Funds*.
- *Leverage* – *The Funds may borrow money for purposes of purchasing Portfolio Securities.* Entering into short sales may also increase the *Funds'* use of leverage. The *Funds* do not expect to incur indebtedness in connection with its operations.

Description of Investment Process

- *Investment Analysis* – WRCM has developed and maintains proprietary databases and models that facilitate tracking the performance of Securitized Pools as well as the individual obligors underlying the Securitized Pools. WRCM will utilize its databases and general market knowledge to determine investment opportunities within the context of the current market and its expectation of the future market for individual securities and Securitized Pools.
- *Portfolio Evaluation* – Once an investment opportunity is determined to be attractive as a stand-alone investment, WRCM will evaluate the effect of adding that investment to the clients' portfolios.
- *Investment and Portfolio Monitoring* – WRCM will continually monitor the clients' positions to ensure that the investment thesis behind each position remains intact. WRCM will also monitor market prices and spreads so that portfolio adjustments can be made as trading and intrinsic values converge or losses can be minimized in the event of a significant shift in an investment's fundamental premise. WRCM will monitor aggregate investment positions with the goal of diversifying risk within each client's parameters.
- *Development and Risks of Investment Manager's Trading Strategy* – The development of a trading strategy is a continual and dynamic process. WRCM's trading strategy and methods for the clients must therefore be modified from time to time. WRCM's trading methods are confidential, and the description of them contained herein is not exhaustive. WRCM's trading strategies for the *Partner*

Fund may differ from those used by WRCM with respect to other accounts it manages. Trading decisions require the exercise of judgment by WRCM. WRCM may, at times, decide not to make certain trades, thereby forgoing participation in price movements that would have yielded profits or avoided losses. Clients cannot be assured that the strategies or methods utilized by WRCM will achieve the desired results.

Risks of Loss

Investment in the Fund

The *Fund's* investment program entails substantial risks, and there can be no assurance that its investment objectives will be achieved. The practices of short selling and the use of leverage and other investment techniques that could be employed by the *Partner Fund* can, in certain circumstances, amplify the impact of adverse market movements to which the *Partner Fund's* investment portfolio may be subject. There is no short-selling or leverage allowed in the *Opportunity Funds* or Opportunity Series.

The risks applicable to the *Partner Fund* are discussed in detail in the partnership agreement.

Market Risks

The profitability of a significant portion of WRCM's recommendations may depend to a great extent upon correctly assessing the future course of price movements of stocks and bonds. There can be no assurance that WRCM will be able to predict those price movements accurately.

Distressed Securities

As stated, WRCM is a distressed asset manager and as such, often recommends "below investment grade" securities which may include obligations of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, and/or facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings. These securities are likely to be particularly risky investments although they also may offer the potential for correspondingly high returns. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims. Such companies' securities may be considered speculative, and the ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, global pandemics, economic factors affecting a particular industry or specific developments within such companies. In addition, there is no minimum credit standard, unless specified in the Investment Management Agreement that is a prerequisite to WRCM's recommendation of an investment, and a significant portion of the obligations and securities which WRCM recommends are less than investment

grade rated. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is unusually high. There is no assurance that WRCM will correctly evaluate the value of the assets' underlying investments or prospects for a profitable return. In any reorganization or liquidation proceeding relating to an investment in a company which WRCM recommends, clients may lose the investment, may be required to accept cash or securities with a value less than the original investment and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated by WRCM may not compensate clients adequately for the risks assumed.

Prepayments/Early Calls of Underlying Securities

The collateral underlying the structured pools in which WRCM invests are callable prior to maturity by the issuers. Prepayments/Calls of underlying collateral may cause cessation of interest and principal in the lower priority tranches of the transactions in which WRCM invests.

Auction Calls

Most of the Securitized Pools in which WRCM invests contain auction call features which cause the collateral to be auctioned generally beginning on the tenth anniversary at intervals varying from quarterly to annually. Each transaction has its own definition for the minimum bid required for the auction to be successful. At the least, the proceeds must be enough to redeem and pay all accrued interest on the rated notes. Some transactions require an additional amount to be paid to the unrated notes. A successful auction redeems the rated notes at par before their final maturity date. This is a potential risk to unrated notes, as it may reduce or totally eliminate related future cash flows. For rated securities, the expected yield could change depending on when and whether the auction call occurs. In cases where debt securities are purchased or valued at levels above par, a successful auction may decrease the expected returns as well.

Illiquidity of Portfolio Investments

WRCM may recommend investments that have limited liquidity under current and/or future market conditions. There may be legal, contractual or other restrictions on their resale and/or other factors. As a result, there is no guarantee that securities can be liquidated in a timely manner, and certain investments may require holding for an indefinite period of time or until the maturity thereof.

Highly Volatile markets

The market prices of financial instruments which WRCM may recommend can be highly volatile. Price movements of investments which WRCM may recommend are influenced by, among other things, interest rates (both current and forecasted), changing supply and demand relationships, commodity prices, overall market liquidity conditions, trade, fiscal, monetary policies and exchange control programs, policies of governments and regulatory authorities, global pandemics, and national and international political and economic events and policies.

Credit Quality of Securities

There are no restrictions on the credit quality of investments that WRCM may recommend. Investments which WRCM may recommend may be deemed by rating agencies to have substantial vulnerability to default in payment of interest and/or principal. Securities may have the lowest quality ratings or may be unrated. Such ratings may indicate that payments are in default, that a bankruptcy petition has been filed with respect to the issuer or that the issuer is regarded as having extremely poor prospects for being able to meet its financial obligations.

Investors should recognize that lower rated and unrated securities in which WRCM may invest have large uncertainties or major risk exposure to adverse conditions and are considered to be predominantly speculative. Generally, such securities offer a higher return potential than higher rated securities but involve greater volatility of price and greater risk of loss of interest and principal.

The market values of certain of these securities also tend to be more sensitive to changes in economic conditions than higher rated securities. In addition, clients may incur additional expenses to the extent that it is required to seek recovery upon a default in the payment of principal or interest on their portfolio holdings.

In general, the ratings of nationally recognized rating organizations represent the opinions of these agencies as to the quality of securities that they rate. Such ratings, however, are relative and subjective; they are not absolute standards of quality and do not necessarily evaluate the market value risk of the securities. It is also possible that a rating agency might not change its rating of any particular issue on a timely basis. These ratings may be used by WRCM as one of many criteria for the selection of portfolio securities.

Market Conditions, Governmental Regulatory Action and Concentration Risks

WRCM generally recommends a portfolio of investments which are primarily related or exposed to securities issued by financial institutions, insurance companies or real estate investment trusts in the United States.

The United States economy stabilized, and the unemployment rate fell substantially from the peaks of 2008-2009 recession and was at or near all-time lows prior to the COVID-19 pandemic declaration in March of 2020. As a result, the United States credit markets experienced substantial volatility in the months that followed. More recently, market volatility has stabilized, and liquidity has improved substantially primarily due to various government stimulus programs. WRCM cannot accurately predict the long-term economic impacts of the resulting government deficits such as increased inflation, declining value of the U.S. dollar, increased interest rates or changes in the slope of the yield curve.

Following the 2008- 2009 recession, the United States economy appears to be on a relatively firm footing now with economic growth stabilizing and the unemployment rate falling substantially from the peaks of the 2008-2009 recession and at or near all time lows. As a result, the United States credit markets have

stabilized and liquidity has improved substantially. The United States federal government and state governments have implemented a broad variety of governmental actions and new regulations of the financial markets and financial services companies that WRCM recommends. Any of these factors and future governmental and regulatory actions may negatively impact, perhaps significantly, WRCM's investment strategy.

The value of investments may be adversely affected by periods of economic slowdown or recession, which may be accompanied by declines in real estate values, reduced liquidity, decreased demand for commercial credit and higher failure rates of banks and bank holding companies. In particular, the failure rate of banks and bank holding companies consistent with levels experienced as a result of the 2008-2009 recession could adversely affect clients' return.

Catastrophic events and adverse market conditions may have a negative impact on the performance and profitability of financial services companies, as a reduction in economic activity reduce the demand for insurance and credit. Companies may also suffer contemporaneous reductions in investment income and increased investment losses. These circumstances, coupled with difficulty in raising capital, could lead to further economic difficulties and insolvency for certain companies and ultimately result in losses on investments issued by such companies and an adverse effect on clients' returns.

The majority of recommended fixed income investments have floating coupon rates indexed to three month LIBOR. Periods of sustained low interest rates and flat yield curves will impact returns negatively and generally represent a poor operating environment for financial services companies.

In mid-2017 it was announced that the LIBOR index would be phased out. The rates for the Securitized Pools, the rates for the collateral of the Securitized Pools, and the swaps imbedded in the Securitized Pools are generally currently indexed upon the 3 month LIBOR rate. The regulatory authorities had originally targeted December 2021 for the phase out of the LIBOR index.¹ This subsequently has been extended to mid-2023. WRCM is monitoring both Federal and New York State legislative efforts to solve the legacy LIBOR issue. It is unclear at this date what index will replace 3 month LIBOR in the future or when this substitution will take place.

Securities and futures markets and the credit markets are subject to comprehensive statutes, regulations and other requirements. The Securities and Exchange Commission, other regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to modification by government and judicial actions.

¹ In the event that LIBOR is phased out and no longer quoted, it is possible that the coupons on these securities could be fixed at the last quoted coupon, which is the last quoted LIBOR rate for the bond plus the assigned spread, which may result in the decline of market prices for the securities.

The effects of any changes in law or interpretations of existing laws could be substantial and adverse to clients' investments.

Each of these recent and developing economic and governmental factors may impact WRCM's ability to purchase and sell investments and to recover its clients' investments (or achieve any return on such investments).

Financial Institution Regulatory Reform

The United States financial markets and economy in general have experienced a substantial recovery from the "great recession" of 2008 and 2009. The recession, while creating a unique market opportunity in this investment space, resulted in market turmoil and the overall weakening of the financial services industry. Certain financial institutions and/or bank holding companies were adversely affected by the events that led to the recession and its regulatory aftermath. New rules and regulations resulted in increased operating costs and generally created a more difficult operating environment for all financial institutions including the underlying collateral issuers in the Securitized Pools. Laws and regulations, particularly those involving modifications to capital ratio requirements of bank holding companies, can change quickly and unpredictably and may at any time be amended, modified, repealed or replaced in a manner that is adverse to the interests of these institutions' various stakeholders.

Insolvency Considerations

Investments in securities may be adversely affected by the issuers' reorganization, insolvency or liquidation proceedings. A bankruptcy court, the FDIC or other regulatory authorities, as applicable, could determine to invalidate, in whole or in part, the investment in the certain securities, to subordinate such indebtedness to existing or future creditors of the issuer or to recover amounts previously paid by the issuer in satisfaction of such indebtedness. Furthermore, in liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the original purchase price to the client in respect to which such distribution was made.

Securities issued by Special Purpose Trust Subsidiaries

WRCM may recommend securities issued by special purpose trust subsidiaries of financial institutions, insurance companies or real estate investment trusts. The trust subsidiary uses the proceeds of the sale of its securities to purchase deferrable subordinated debentures (each, a "Corresponding Debenture") or other subordinated debt of its parent financial institution or holding company (each, a "Corresponding Debenture Issuer"). A trust's only source of cash to make payments on its securities will be the interest payments it receives on the Corresponding Debentures. The Corresponding Debenture Issuer is dependent on dividends from its operating subsidiaries to make payments on the Corresponding

Debentures. These operating subsidiaries are highly regulated and in most cases subject to regulatory limitations related to dividend payments to their respective holding companies. The securities have maturities and coupons that mirror the Corresponding Debentures of the Corresponding Debenture Issuer.

Securities issued by each trust will generally be redeemed when the Corresponding Debentures issued by its Corresponding Debenture Issuer are paid at maturity, or upon earlier optional redemption of the Corresponding Debentures. The securities may have varying coupon rates, distribution or payment dates and accrual periods, call prices and dates, maturity dates and other terms from one another.

Payments under the Corresponding Debentures, and in turn on the securities and the Securitized Pools that they underlie, are highly dependent upon payments received from the relevant Corresponding Debenture Issuer and its subsidiaries. Furthermore, adverse developments with respect to the financial, insurance and real estate industries in general may adversely affect the ability of a Corresponding Debenture Issuer to make payments under the Corresponding Debentures.

The obligations of each Corresponding Debenture Issuer under the guarantee it provides in respect of the securities and its Corresponding Debentures will generally be unsecured, subordinate and junior in right of payment to all present and future senior indebtedness of such Corresponding Debenture Issuer. No payment of principal of or premium, if any, or interest on any Corresponding Debenture may be made if (i) any payment due in respect of senior indebtedness of the issuing Corresponding Debenture Issuer is not paid when due and any applicable grace period with respect to such default has ended with such default not having been cured or waived or ceasing to exist or (ii) the maturity of any senior indebtedness of the issuing Corresponding Debenture Issuer has been accelerated because of a default and such acceleration has not been rescinded or cancelled. In addition, Corresponding Debenture Issuers may be parties to agreements with holders of their senior indebtedness that have the practical effect of further subordinating the rights of holders of the Corresponding Debentures to such holders of their senior indebtedness under certain circumstances. Any Corresponding Debenture Issuer or any subsidiary of any Corresponding Debenture Issuer may incur additional indebtedness, secured or unsecured, including any senior indebtedness, without limitation.

The Corresponding Debentures are not insured or guaranteed by the regulatory authority of any financial institution, any governmental agency or instrumentality or any insurance guaranty fund. Because each Corresponding Debenture Issuer that issues Corresponding Debentures may be a holding company, its ability to make distributions on the Corresponding Debentures will be highly dependent upon the earnings of its subsidiaries and its ability to receive payments from such subsidiaries in the form of dividends, fees, loans or distributions. The subsidiaries of each Corresponding Debenture Issuer are separate and distinct legal entities and have no obligation, contingent or otherwise, to pay any amounts under the Corresponding Debentures or any guarantee provided by the Corresponding Debenture Issuer in respect of the securities, or to make any funds available therefore, whether by dividends, loans or other payments.

There are also various legal and regulatory limitations on the extent to which a Corresponding Debenture Issuer's subsidiaries may extend credit, pay dividends or otherwise supply funds to the Corresponding Debenture Issuer or various of its affiliates. In particular, with respect to insurance companies, payments of dividends or other distributions to the Corresponding Debenture Issuer or its affiliates by the Corresponding Debenture Issuer's U.S. domiciled insurance company subsidiaries are subject to the various insurance regulatory restrictions of the states having jurisdiction over such insurance company subsidiaries. Such laws typically vary from state to state. Certain states generally require that any statutory surplus following any dividend or distribution be reasonable in relation to such subsidiary's outstanding liabilities and adequate to meet its financial needs and permit the payment of dividends only out of earned (unassigned), as opposed to contributed, statutory surplus. In addition, many states prohibit an insurance company, without prior notice to and approval of the applicable regulatory authority, to declare or pay an extraordinary dividend, which is typically defined as any dividend or distribution of cash or other property whose fair market value, together with other dividends or distributions made within the preceding 12 months, exceeds the greater of such subsidiary's statutory net gain from operations of the preceding calendar year or 10% of statutory surplus as of the preceding December 31, although some states use more stringent standards. For insurance regulatory purposes, the surplus of an insurance company is generally determined on the basis of Statutory Accounting Practices ("SAP") prescribed or permitted by the state of domicile rather than generally accepted accounting principles. SAP generally is a more conservative measure of an insurance company's surplus.

In addition, certain agreements, loans, exchanges of assets and other transactions between an insurance company subsidiary and its affiliates, including its Corresponding Debenture Issuer, may require prior notice to or approval of the applicable regulatory authority. Such restrictions and requirements may affect the permissibility and timing of distributions to a Corresponding Debenture Issuer from its insurance company subsidiaries. Moreover, the right of a Corresponding Debenture Issuer to participate in any distribution of assets of any of its subsidiaries upon liquidation, reorganization or otherwise will be subject to the claims of the creditors and any preferred equity holders of the applicable subsidiary, except to the extent that the Corresponding Debenture Issuer is recognized as a creditor of such subsidiary. Even if the Corresponding Debenture Issuer is recognized as a creditor of its insurance company subsidiary, its claims as such will likely be subordinated to those of policyholder creditors in the context of the liquidation of the insurance company subsidiary pursuant to the applicable state insolvency laws governing such liquidation. Accordingly, the Corresponding Debenture Issuer's Corresponding Debentures and guarantee will effectively be subordinated to all existing and future liabilities and preferred equity of the Corresponding Debenture Issuer's insurance subsidiaries. With respect to bank issuers, dividend payments from the depository institution subsidiaries of Affiliated Depository Institution HCs or the Holding Company Subordinated Debenture Issuer are subject to regulatory limitations, generally based on current and retained earnings of the depository institution subsidiary and other factors, imposed by law or regulation and, in some cases, require prior regulatory approval. Payment of dividends is also subject to regulatory restrictions if such dividends would impair the capital of the depository institution subsidiary and in certain other cases.

A default in payment or a deferral in interest payments on any Corresponding Debenture will decrease the amount of cash available to the trusts to make payments on the securities.

The terms and provisions of the securities may vary and such variations may be material. There can be no assurance that differences between the terms and provisions of some securities in comparison to the terms and provisions of other securities will not have an adverse effect on any Securitized Pools that they underlie and, consequently, on the clients to the extent the client owns any such securities or Securitized Pools. Clients should consider and assess for themselves the likely level of defaults and the likely level and timing of recoveries on the securities and on any the Securitized Pools that they underlie.

General Risk of Loss

Investing in securities involves the risk of loss. Clients should be prepared to bear such loss.

Item 9. Disciplinary Information

WRCM is required to disclose the facts of any legal or disciplinary events that are material to a client's evaluation of its advisory business or the integrity of management. WRCM does not have any required disclosures to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Sponsor of Proprietary Funds

From time to time, WRCM's principals and employees organize proprietary investment funds, including the *Partner Fund* and *Opportunity FundsGroup*, in which its principals and employees are the sole investors. The proprietary funds are authorized to invest in many types of assets that may not be made available to WRCM's clients. WRCM is not obligated to present any particular investment opportunity of which it becomes aware to all of its clients and the proprietary funds will not be precluded from investing in any such opportunity, notwithstanding that such investment opportunity may be related to, or in competition with, any existing investments held by WRCM's clients. Accordingly, conflicts of interest exist as a result of the foregoing circumstances. WRCM and its Supervised Persons intend, however, to perform their duties in a manner that it considers to be fair and equitable to all of WRCM's clients.

Item 11. Code of Ethics

WRCM has adopted a code of ethics in compliance with applicable securities laws (“Code of Ethics”) that sets forth the standards of conduct expected of certain persons associated with the Firm (“associated persons”). WRCM’s *Code of Ethics* contains written policies reasonably designed to prevent certain unlawful practices such as the use of material non-public information by the Firm or any of its associated persons and the trading by the same of securities ahead of clients in order to take advantage of pending orders. The *Code of Ethics* also requires that certain of WRCM’s personnel (called “*Access Persons*”) report their personal securities holdings and transactions and obtain pre-approval of certain investments such as initial public offerings and limited offerings.

WRCM and its associated persons are permitted to buy or sell securities that it also recommends to clients consistent with WRCM’s policies and procedures. When WRCM is engaging in or considering a transaction in any security on behalf of a client, no *Access Person* may effect for themselves or for their immediate family (i.e., spouse, minor children, and adults living in the same household as the *Access Person*) a transaction in that security unless:

- the transaction has been completed;
- the transaction for the *Access Person* is completed as part of a batch trade (as defined below in Item 12) with clients; or
- a decision has been made not to engage in the transaction for the client.

These requirements are not applicable to: (i) direct obligations of the Government of the United States; (ii) money market instruments, bankers’ acceptances, bank certificates of deposit, commercial paper, repurchase agreements and other high quality short-term debt instruments, including repurchase agreements; (iii) shares issued by open-end mutual funds or money market funds; and (iv) shares issued by unit investment trusts that are invested exclusively in one or more open-end mutual funds.

Notwithstanding the above, *Access Persons* may effect transactions for themselves at the same time as clients as part of a block trade, in accordance with the Rules and the Compliance Manual.

This *Code of Ethics* has been established recognizing that some securities trade in sufficiently broad markets to permit transactions by *Access Persons* to be completed without any appreciable impact on the markets of such securities. Therefore, under certain limited circumstances, exceptions may be made to the policies stated above.

Clients and prospective clients may contact WRCM to request a copy of its *Code of Ethics*.

Item 12. Brokerage Practices

As discussed above, in Item 5, expenses and transaction fees charged by *Financial Institutions* are exclusive of and in addition to WRCM's fee.

Factors which WRCM considers in utilizing specific *Financial Institutions* include their respective financial strength, reputation, execution, pricing, research and service. The transaction fees charged by a particular *Financial Institution* may be higher or lower than those charged by others.

The commissions paid by WRCM's clients comply with WRCM's duty to obtain "best execution." Clients may pay commissions that are higher than another qualified *Financial Institution* might charge to effect the same transaction where WRCM determines that the commissions are reasonable in relation to the value of the services received. In seeking best execution, the determinative factor is not the lowest possible cost, but whether the transaction represents the best qualitative execution, taking into consideration the full range of a *Financial Institution's* services, including among others, the value of research provided, execution capability, costs, and responsiveness. WRCM seeks competitive rates but may not necessarily obtain the lowest possible commission rates for client transactions. WRCM periodically and systematically reviews its policies and procedures regarding its recommendation of *Financial Institutions* in light of its duty to obtain best execution.

Consistent with obtaining best execution, brokerage transactions may be directed to certain broker-dealers in return for investment research products and/or services which assist WRCM in its investment decision-making process. Such research generally will be used to service all of WRCM's clients, but brokerage commissions paid by one client may be used to pay for research that is not used in managing that client's portfolio. The receipt of investment research products and/or services as well as the allocation of the benefit of such investment research products and/or services poses a conflict of interest because WRCM does not have to produce or pay for the products or services.

Software and Support Provided by Financial Institutions

WRCM receives from *U.S. Bank*, without cost to WRCM, computer software and related systems support, which allow WRCM to better monitor client accounts maintained at *U.S. Bank*. WRCM receives the software and related support without cost because WRCM renders investment management services to clients that maintain assets at *U.S. Bank*. The software and support is not provided in connection with securities transactions of clients (i.e. not "soft dollars"). The software and related systems support may benefit WRCM, but not its clients directly. In fulfilling its duties to its clients, WRCM endeavors at all times to put the interests of its clients first. Clients should be aware, however, that WRCM's receipt of economic benefits from a broker-dealer creates a conflict of interest since these benefits create an incentive for the Firm to choose one broker-dealer over another broker-dealer that does not furnish similar software, systems support, or services.

Item 13. Review of Accounts

WRCM's investment committee monitors client portfolios as part of an ongoing proprietary process. Investors in the *Partner Fund*, the Wolf River Opporutniy Fund, and Wolf River Opportunity Fund II, will receive a report from WRCM that may include such relevant account and/or market-related information such as the fund's performance and capital account value on an at least quarterly basis. The ~~Opportunity~~utinity Series investors receive reports on the underling invest~~ment~~ from the adviser of the investment.

Those accounts that WRCM manages separately receive a list of holdings. The report details payments received on holdings for the month, as well as month-end fair market values of the holdings.

Item 14. Client Referrals and Other Compensation

WRCM compensates third parties for client referrals. If a client is introduced to WRCM by either an unaffiliated solicitor, WRCM may pay that solicitor a referral fee in accordance with the requirements of Rule 206(4)-3 of the Advisers Act and any corresponding state securities law requirements. Any such referral fee is paid solely from WRCM's investment management fee, and does not result in any additional charge to the client. If the client is introduced to WRCM by an unaffiliated solicitor, the solicitor provides the client with a copy of WRCM's written disclosure brochure which meets the requirements of Rule 204-3 of the Advisers Act and a copy of the solicitor's disclosure statement containing the terms and conditions of the solicitation arrangement including compensation.

Item 15. Custody

In certain circumstances, WRCM's *Agreement* and/or the separate agreement with any *Financial Institution* authorize WRCM through such *Financial Institution* to debit the client's account for the amount of WRCM's fee and to directly remit that fee to WRCM in accordance with applicable custody rules.

For individual clients (those not invested in the *Partner Fund* or *Opportunity ~~GroupFunds~~*), the *Financial Institutions* recommended by WRCM have agreed to send a statement to the client, at least quarterly, indicating all amounts disbursed from the account including the amount of management fees paid directly to WRCM. In addition, as discussed in Item 13, WRCM also sends periodic supplemental reports to clients. Clients should carefully review the statements sent directly by the *Financial Institutions* and compare them to those received from WRCM.

Item 16. Investment Discretion

WRCM is given the authority to exercise discretion on behalf of clients. WRCM is considered to exercise investment discretion over a client's account if it can effect transactions for the client without first having to seek the client's consent. WRCM is given discretionary investment authority pursuant to the agreement between WRCM and the client. Certain clients may request limitations on this authority (e.g., requesting specific securities not to be bought or sold). WRCM takes discretion over the following activities:

- The securities to be purchased or sold;
- The amount and price of securities to be purchased or sold;
- When transactions are made; and
- The *Financial Institutions* to be utilized.

Item 17. Voting Client Securities

WRCM votes client securities (proxies) on behalf of its clients. When WRCM accepts such responsibility, it will only cast proxy votes in a manner consistent with the best interest of its clients using its best judgment. Clients may contact WRCM to request information about how WRCM voted proxies for that client's securities or to get a copy of WRCM's Proxy Voting Policies and Procedures. The following is a brief summary of WRCM's Proxy Voting Committee and Policies and Procedures.

Proxy Voting Committee

The Proxy Voting Committee ("Committee") consists of the members of WRCM's Investment Committee. Three members of the Committee must be present for a quorum to be met; at least one such member must be a Principal.

The Leader of the Committee is responsible for the following:

- Monitoring proxy voting deadlines;
- Convening the Committee from time to time in anticipation of deadlines;
- Keeping the records of the Committee; and
- Ensuring that proxy votes are submitted to the appropriate parties.

Proxy Policies and Procedures

- If a quorum is not met, the Committee is adjourned and reconvened later when a quorum can be met.
- The members of the Committee present pertinent facts from an issuer's solicitation documents to the Committee. Additional information about the issuer that is deemed relevant by the members is also presented and discussed.
- The Committee determines which clients hold notes with voting rights.
- The Committee determines which vote benefits the positions held by these clients.
- The Committee identifies conflicting interests among clients. For conflicts between client accounts and internal-only accounts, the Committee votes in accordance with the best interests of the client. In cases where the Committee's members hold voting rights in personal accounts, the members will vote in accordance with the best interest of the client accounts.
- For conflicts between client accounts, the Committee votes each client account in its individual best interest. In these cases, expected to be rare, the Committee will calculate the ratio of yes votes to no votes by the cost basis of the investments for which the Committee votes for client accounts. If possible, the Committee will vote internal-only accounts and personal accounts in accordance with this ratio. If not possible, the Committee will abstain from voting the proxies in internal-only and personal accounts.

- The Committee determines the appropriate vote for each client which holds notes with voting rights. As noted above, the appropriate vote for different client accounts may differ based on the specific class of notes held by each account and/or the investment objectives of each account.
- The Leader designates a committee member to submit proxy votes and any required representations or proof of ownership to the appropriate parties.
- The Leader keeps records from each Committee meeting using the Proxy Voting Committee record or a similar form as deemed appropriate by the Committee. The record should include the following:
 - Brief summary of solicitation requiring the proxy vote;
 - Client accounts for which proxies are to be voted and votes submitted; and
 - Committee members present.
- WRCM's Chief Investment Officer signs off on the final votes and the Leader keeps this with the Proxy Voting Committee record.

Where WRCM is responsible for voting proxies on behalf of a client, the client may not direct WRCM's vote on a particular solicitation. Nonetheless, the client can revoke WRCM's authority to vote proxies.

Item 18. Financial Information

WRCM is not required to disclose any financial information pursuant to this Item due to the following:

- The firm does not require or solicit the prepayment of more than \$1,200 in fees six months or more in advance of services rendered;
- The firm does not have a financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients; and
- The firm has not been the subject of a bankruptcy petition at any time during the past ten years.

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