

**EMSO ASSET MANAGEMENT LIMITED
EMSO ASSET MANAGEMENT US LLC**

March 31, 2021

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This brochure provides information about the qualifications and business practices of Emso Asset Management Limited and Emso Asset Management US LLC. If you have any questions about the contents of this brochure, please contact us at +44-20-7150-3700. 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 Emso Asset Management Limited and Emso Asset Management US LLC will also be available on the SEC's website at www.adviserinfo.sec.gov. Emso Asset Management Limited and Emso Asset Management US LLC are SEC-registered investment advisers. Being a registered investment adviser does not imply a certain level of skill or training.

Item 2 Material Changes

This Item 2 includes only material changes since the last annual update of this Brochure on March 30, 2020.

- ☐ Disclosure was added regarding Emso Impressa Master Fund, a long only commingled fund.
- ☐ Disclosure was added to Item 9 regarding disclosure of conflicts concerning different Advisory Clients investing at different levels of a portfolio company's capital structure, as well as conflicts from serving on creditors' committees and on the boards of companies.
- ☐ Updates were made to reflect the closure of the SMA account.
- ☐ Additional risk factors were added regarding (i) the LIBOR transition, and (ii) the current global health crisis.
- ☐ Disclosure was added regarding Emso's private credit business in Items 4, Item 5, Item 8, and Item 11.

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Item 4 Advisory Business

Emso Asset Management US LLC ("**Emso US**") is a wholly-owned subsidiary of Emso Asset Management Limited ("**Emso UK**"). Emso UK is a wholly owned subsidiary of White Park Limited, a Cayman company ("**White Park**"), the owners of which are employees of Emso UK and Emso US. The principal owner of White Park is Mark Franklin.

Both Emso UK and Emso US (taken together, "**Emso**") provide discretionary advisory services to:

1. Private investment funds (the "**Customized Funds**" and three "**Private Funds**", collectively referred to herein as "**Funds**") that are exempt from registration under the Investment Company Act of 1940 ("**1940 Act**") and the Securities Act of 1933;
2. Pooled investment vehicles and single investor funds currently offered from outside the U.S. to non-U.S. investors (the "**Emso Funds**").
3. Sub funds of an open ended umbrella investment company, known as Emso Clover plc, authorized by the Central Bank of Ireland ("**CBI**") as an undertaking for collective investment in transferable securities ("**UCITS**") pursuant to UCITS Regulations. Taken together, the sub funds are referred to herein as the UCITS Funds ("**UCITS Funds**"). As of March 2021, one UCITS sub fund is in the process of unwinding.

Emso also provides investment advice to multi-manager platform pooled investment vehicles, open-end investment companies registered under the 1940 Act, and open-end European-domiciled UCITS funds for which Emso serves as sub-advisor, and an unaffiliated manager serves as the investment manager ("**Sub Advised Funds**", together with the Funds, Emso Funds, and the UCITS Funds, Emso's "**Advisory Clients**"). The Private Funds and certain of the Customized Funds are currently offered to US persons. The Emso Funds and the UCITS Funds are not currently offered to U.S. investors.

Emso UK is the primary adviser to the Advisory Clients, and Emso US is the sub-advisor to the Advisory Clients. Emso UK is authorized and regulated by the Financial Conduct Authority in the United Kingdom. Emso UK is also authorized as an Alternative Investment Fund Manager (AIFM) pursuant to the Alternative Investment Funds Management Directive (AIFMD), a European set of European regulations.

Emso US has assumed responsibility for the "management and control", as defined in the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), of assets of one of the Funds managed by Emso UK.

Services Provided:

Emso provides investment management and advisory services in the area of emerging market investing. As it relates to the Funds, this is done through master feeder structures as well as Customized Funds (as such terms are defined herein). Emso's investment objective for the Funds (other than the Impressa Master Fund) is to generate capital growth through exposure (both long and short) primarily to debt and equity securities of sovereign obligors and corporate obligors, principally in emerging markets. Central and Eastern Europe, Central and South America, Asia, the Middle East, and Africa are generally considered emerging markets, and the unsecured debt of obligors in these markets has traditionally been either unrated or rated non-investment grade by an internationally recognized credit rating agency. Investments

primarily focus on directional and relative value opportunities in emerging market local and external debt (sovereign and quasi-sovereign), foreign currency exchange rates, interest rates, and, to a minor extent, individual equities and equity indices. Derivatives of any of these categories can also be used. Emso sources portfolio-level tail hedges (in emerging and developed markets) to mitigate losses resulting from systemic market crises.

The investment objective of the Impresa Master Fund is to generate capital growth in excess of the Index Return ("**Index Return**"). mainly through *long* exposure to debt securities of sovereign and corporate obligors, principally in emerging markets. The Index Return means, in any given calendar month, the amount (expressed as a percentage) by which a notional US\$100 would have increased or decreased, as the case may be, had US\$50 been invested in the JP Morgan EMBI Global Index and US\$50 been invested in the JP Morgan GBI-EM Global Diversified Index during such month. The Index Return may be positive or negative.

Master Feeder Structures ("**Private Funds**")

- 1) Emso Ltd. and Emso US Ltd., which invest substantially all of their assets into Emerging Markets Special Opportunities Ltd. ("**Emso Master Fund**").
- 2) Emso Saguaro Ltd. and Emso Saguaro US Ltd., which invest substantially all of their assets into Emso Saguaro Fund Ltd. ("**Saguaro Master Fund**").
- 3) Emso Impresa Ltd., which invests substantially all of its assets into Emso Impresa Long Only Fund SP ("**Impresa Master Fund**"), a segregated portfolio of Emso Agave Fund SPC, which is a Cayman Islands exempted segregated portfolio company.

Customized Funds

Emso has also established customized pooled investment vehicles (the "**Customized Funds**") exclusively for investments by an outside investor and its affiliates, or for accounts, clients, and collective investment vehicles managed by an unaffiliated investment advisor. The Customized Funds may utilize different trading and/or investment strategies than the other Funds and may be subject to different terms, and arrangements (including fees, liquidity rights, transparency rights, termination rights and brokerage) than the other Funds. It should be noted that any such customized fund relationships are generally subject to minimum investment size and other possible special requirements.

Emso also operates a private credit strategy, which focuses on emerging market investments in illiquid opportunities with a multi-year investment horizon. At present, this strategy is executed in a customized format and is not offered in a co-mingled fund.

Particular Investment Restrictions

Individual investors in the Funds are not consulted in the design or implementation of Funds' investment programs. Each Private Fund's account documentation describes that Fund's investment program.

With respect to the Customized Funds, Fund account documentation will specify the particular investment program and any related investment restrictions.

In the case of the Sub Advised Funds, and a majority of the Emso Funds, Emso has: (i) tailored the investment objectives to the specific objectives/restrictions of such account; and (ii) individually negotiated the terms and fees for such account, which are different from the terms and fees of the Funds. Emso negotiates such arrangements on a case-by-case basis.

Fee arrangements and investment objectives/investment restrictions for the UCITS Funds, and one of the Emso Funds, are contained in the relevant fund supplement.

Assets Under Management (AUM)

As of December 31, 2020, Emso manages approximately USD \$7,470,476,091 of net assets on a discretionary basis. Emso does not currently manage any assets on a non-discretionary basis.

Item 5 Fees and Compensation

Emso's fee schedule is available upon request.

Fees Charged: Fund Products

Each Fund pays Emso a management fee, and in certain cases an incentive fee or incentive allocation (if earned). The amounts of fees to be paid are set forth in the offering materials for that Fund.

Method of Payment of Fees

The Funds pay any management and incentive fees at such times and in such manner specified in their respective documentation. Such fees are deducted from the Fund and reflected in an investor's net asset value per share.

Additional Fees and Expenses

As described in more detail in their respective offering documentation, each Fund bears its organizational and initial offering expenses, and its operating and other expenses, which include (but are not limited to): i) custodial and depository expenses; ii) administration fees and expenses; iii) prime and/or clearing brokerage fees iv) middle and back office service fees, v) interest on borrowings, including borrowings from a Prime Broker; vi) costs of trading, including brokers' commissions, borrowing charges on securities sold short, clearing and settlement charges and any issue or transfer taxes or stamp duties chargeable in connection with securities transactions; vii) local agent fees; viii) consulting, advisory, investment banking and other professional fees relating to investments or contemplated investments paid to unrelated third parties; ix) all taxes and regulatory and/or corporate fees payable to governments or agencies; x) directors' fees and expenses; xi) the charges and expenses of external legal advisers and auditors; xii) communication expenses with respect to investor services and all expenses of meetings of Shareholders and of preparing, printing and distributing financial and other reports, proxy forms, offering and similar documents (including documentation updates); xiv) subject to the requirements of ERISA Section 410(b) (as applicable), the cost of insurance, for the benefit of the directors and officers of the Fund and the officers of the Investment Manager; xv) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business; xvi) jurisdictional registration costs and costs related to the maintenance of such registrations, including state security filings (e.g., lobby and/or "Blue Sky" filings and fees); xvii) all expenses related to compliance with Automatic Exchange of Information ("AEOI") Regulations; xviii) costs related to IT and data connectivity with the Administrator; xix) valuation specific services (i.e., third-party valuation agents); xx) insurance (including D&O and E&O insurance); xxi) costs related to the negotiation of trading documentation, e.g., ISDAs, GMRAs, CDEAs; and xxii) fees in connection with the preparation of relevant tax documentation (fund and/or investor).

Expenses are typically incurred at the company or master company level, not at the share class level.

Fee and expense arrangements with the Sub Advised Funds, and a majority of the Emso Funds, are individually negotiated.

Fee arrangements for the UCITS Funds and one of the Emso Funds are contained in the relevant supplement.

Additional Note Regarding Allocation of Expenses in Private Credit

Emso seeks to allocate common expenses among the Advisory Clients in a manner that is fair and reasonable over time. However, expense allocation decisions can sometimes involve conflicts of interest (e.g., an incentive to favor accounts that pay higher incentive fees, or conflicts relating to different expense arrangements with certain Advisory Clients). Emso uses various methods to allocate particular expenses among the Advisory Clients depending on the circumstances (e.g., pro rata based on assets under management, relative participation in the transaction related to the expense, general amount of trading activity, etc.) The determination as to the method or methods used may be based on relative use of the product or service, the nature or source of the product or service, the relative benefits derived by each Advisory Client from the product or service, or other relevant factors. With respect to expenses attributable to specific investments, the Advisory Clients that own an investment generally will share in expenses related to such investment, including expenses originally charged solely to any Advisory Client. However, it is not always possible or reasonable to allocate or re-allocate expenses to a later investing Advisory Client, depending upon the circumstances surrounding the applicable investment (including the timing of the investment), and the financial and other terms governing the investment, and, as a result, there may be occasions where a later investing Advisory Client does not bear a proportionate share of such expenses.

Compensation of Emso Personnel

Emso's personnel or supervised persons do not receive commissions tied directly to the sale of any particular securities or other investment products advised by Emso in the form of asset-based sales or services fees.

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

Emso is entitled to receive performance-based fees from the Funds, Emso Funds, and certain of the UCITS and Sub Advised Funds. The performance-based fees may create an incentive for Emso to cause the relevant Advisory Client to make investments that are riskier or more speculative than would be the case if Emso did not receive a performance-based fee, or to direct investments in favor of an Advisory Client receiving a performance-based fee. Please refer to Item 11 "Code of Ethics Participation in Client Transactions and Personal Trading" and Item 12 "Brokerage Practices" for a discussion of conflict management procedures, incentive compensation arrangements, managerial review and oversight and allocation policies applicable to Emso, all of which are intended to mitigate conflicts. Emso recognizes that it is a fiduciary and as such must act in the best interests of the Advisory Clients. Further, Emso recognizes that it must treat all Advisory Clients fairly and must refrain from favoring one client's interests over another's.

Item 7 Types of Clients

Emso currently provides investment advice to private funds, UCITS funds, and other pooled or single investor investment vehicles. Emso also acts as a sub adviser to pooled investment vehicles, Registered Investment Companies, and UCITS funds of multi-manager platforms. However, the ultimate investors in Funds advised by Emso typically are institutional investors, high net worth individuals, registered funds, funds of funds, pension plans, state, municipal, and government entities.

Ultimate investors in each Fund are required to make a minimum initial subscription generally ranging between \$50,000 and \$100,000 depending on certain factors, such as the Fund, and the share class being subscribed. The minimum subscriptions for a specific Fund are set forth in the offering materials for that vehicle.

The Sub Advised Funds, and a majority of the Emso Funds, relationships are individually negotiated and are subject to significant account minimums.

Shares in the UCITS Funds are not offered to US Persons.

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

Emso advises the Funds generally on the following strategies, the specifics and variations of which are set forth in the offering documents for each Fund:

Investment Strategy and Method of Analysis:

Emso Master Fund and Saguaro Master Fund

The investment strategy generally is to pursue value-oriented investments and transactions in debt and equity securities, loans, claims and currencies, and derivatives related thereto, of sovereign and corporate obligors principally in emerging markets that primarily are rated non-investment grade by an international credit rating agency or are unrated. The emphasis is on securities that are undervalued either due to insufficient research coverage of the obligor or due to the complexity of their structure. Emso regularly monitors special situations, such as debt restructurings, as well as mispricings due to forced liquidations of substantial holdings.

Investments or transactions may include any long or short debt, equity, loan, claim or currency investment whether represented by a bond, note, share, stock, claim, chose in action or other instrument or document evidencing indebtedness, derivatives related to such investments or positions, including but not limited to listed and over-the-counter options, swaps, futures and options on futures, forward contracts, repurchase and reverse repurchase agreements and securities borrowing and lending arrangements. Emso's emphasis is principally on emerging market investments that it believes are undervalued.

Emso:

- (a) evaluates investments that it considers to be out of favour with other investors due either to insufficient research analyst coverage of the obligor or due to the complexity of their structure, their unusual nature, or for other reasons;
- (b) monitors special situations, such as debt restructurings, as well as perceived mispricings due to forced liquidations of substantial holdings; and
- (c) assesses the risks relating to investments and the opportunities to mitigate those risks.

In addition, Emso endeavours to reduce risk and enhance returns by opportunistically hedging the credit, interest rate, currency, commodity and other risks related to investing principally in emerging markets. The hedging strategies utilised by Emso therefore employ instruments that relate to developed markets as well as emerging markets.

Except as described below and in the applicable offering memorandum, with respect to the Emso Master Fund and the Saguaro Master Fund, there are no restrictions on:

- (d) the types or categories of investments in which transactions may be carried out;
- (e) the types or categories of transactions that may be carried out to hedge investments; or

- (f) the markets on which such transactions may be carried out.

Investments and transactions include any contract to buy or sell (including sell short) debt, equity, interest rates, indexes, or currency investments whether represented by a bond, note, share, loan, claim or other instrument or document evidencing indebtedness, derivatives related to such investments (including but not limited to listed and over-the-counter options, swaps, futures and options on futures), forward contracts, credit linked notes, repurchase and reverse repurchase agreements, and securities borrowing and lending arrangements.

Impressa Master Fund

The investment strategy of the Impresa Master Fund is to pursue value-oriented investments and transactions including any contract to buy or sell debt, or currency investments, whether represented by a bond, note, loan, or other instrument or document evidencing indebtedness, derivatives related to such investments (including but not limited to listed and OTC swaps, bond warrants, futures) and forward contracts.

The Investment Manager aims to build fund's portfolio in such a way as to optimize the fund's ability to benefit from investment opportunities whose values are driven by a specific event or process with generally low or no correlation to market value movements across other asset classes (such as an election or the process of negotiating international financial support). While the Investment Manager aims to outperform the Index Return, such investment opportunities may relate to assets both within and outside of the constituent assets of the JP Morgan EMBI Global Index or the JP Morgan GBI-EM Global Diversified Index that the Investment Manager believes are mispriced relative to the investment risk associated with them. Accordingly, the JP Morgan EMBI Global Index and the JP Morgan GBI-EM Global Diversified Index are used solely for the purpose of tracking the performance of the master fund. In using its discretion to make investments, the Investment Manager, among other things:

- (a) seeks to identify investments that it considers, by researching the relevant investment's characteristics and environment, to be mispriced by other investors;
- (b) monitors special situations, such as debt restructurings, as well as perceived mispricings due to forced liquidations of substantial holdings; and
- (c) continuously assesses the risks relating to investments (including market, liquidity and credit risks) and the opportunities to mitigate those risks (including reducing position sizes, achieving exposure via different instruments, using derivatives, or switching trading counterparties).

It should also be noted that the Funds may be precluded from investing in certain companies and/or countries based on investment restrictions as detailed in the relevant Fund's offering documentation.

ESG Considerations

Environmental, Social, and Governmental (“ESG”) factors and attendant ESG risks are assessed by the Firm at the research level. The research team assigns ESG trend ratings (positive, negative, neutral) to the asset, indicating any ESG rating delta over the applicable review period. These ratings, and other ESG factors, may be taken into consideration as part of the portfolio construction process.

Strategy Risks:

Funds advised by Emso are subject to the following risks, among others:

Borrowing. The Funds may use borrowings for the purpose of making investments. The use of borrowing creates special risks and may significantly increase the Fund’s investment risk. Borrowing creates an opportunity for greater yield and total return but, at the same time, will increase the Fund’s exposure to capital risk and interest costs. Any investment income and gains earned on investments of the Fund made through the use of borrowings that are in excess of the interest costs associated therewith may cause the Net Asset Value to increase more rapidly than would have been the case in the absence of borrowing. Conversely, where the associated interest costs are greater than such income and gains, the Net Asset Value may decrease more rapidly than would have been the case in the absence of borrowing.

Brexit. The United Kingdom formally withdrew from the European Union on 31 January 2020. The ongoing withdrawal process could cause an extended period of uncertainty and market volatility, not just in the United Kingdom but throughout the European Union, the European Economic Area, and globally. It is not possible to ascertain the precise impact these events may have on the Funds or the Investment Manager from an economic, financial, or regulatory perspective but any such impact could have material consequences for the Funds.

Business Risk. There can be no assurance that the Funds will achieve their investment objectives and investment results may vary over time.

Concentration of Investments. The Funds may at certain times hold relatively few investments and/or substantial amounts of cash or cash equivalents. The Funds could be subject to significant losses if they hold a large position in a particular investment that declines in value or is otherwise adversely affected, including by reason of a default of the issuer.

Counterparty Risk. The Funds are subject to the risk of the inability of any counterparty (including a Prime Broker) to perform with respect to transactions, whether due to insolvency, bankruptcy, or other causes.

Currency Exposure. Shares in the Funds are generally denominated in US Dollars. Certain of the assets of the Funds are typically, invested in securities and other investments which are denominated in currencies other than the US Dollar. Accordingly, the value of such assets measured in US Dollars may be affected favourably or unfavourably by fluctuations in currency rates. Emso may seek to hedge the resulting foreign currency exposure of the Fund but this may not always be possible or desirable. In addition, prospective investors whose assets and liabilities are denominated predominately in currencies other than the US Dollar should take into account the potential risk of loss arising from fluctuations in value between the US Dollar and such other currencies.

Dealing Restrictions. Securities may be held by, or be an appropriate investment for, the Funds as well as by or for other clients of Emso. There may be circumstance when purchases or sales of securities for one or more of such clients have an adverse effect on other clients (including the Fund) and certain transactions may not be able to be effected at the optimum price, date, time, or amount.

Debt Securities. The Funds may invest in debt securities which are denominated in US Dollars or other currencies and which may be unrated or below investment grade. Such debt securities are subject to greater risk of loss of principal and interest than retail or higher-rated debt securities. The Funds may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. The Funds may invest in debt securities which are not protected by financial covenants or limitations on additional indebtedness. The Fund will therefore be subject to credit, liquidity, and interest rate risks. In addition, evaluating credit risk for debt securities of issuers in some jurisdictions involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult.

Derivatives. The Funds may from time to time utilise both exchange-traded and over the counter futures, options, and contracts for differences as part of their investment policy. These instruments are highly volatile and may expose investors to a high risk of loss. The low initial margin deposit normally required to establish a position in such instruments permits a high degree of leverage. As a result, depending on the type of instrument, a relatively small movement in the price of a contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further loss exceeding any margin deposited. Transactions in over the counter contracts may involve additional risk as there is no exchange market on which to close out an open position. It may be impossible to liquidate an existing position, to assess the value of a position or to assess the exposure to risk.

The Funds may also sell covered and uncovered options on securities. To the extent that such options are uncovered, a Fund could incur an unlimited loss.

Emerging Markets. Investments of the Funds in equities or securities of sovereign issuers or companies incorporated in, or whose principal operations are in, emerging markets, may encounter additional risks. These include:

Emerging Markets Generally

The Funds invest in emerging markets worldwide. Investment in emerging market securities may involve a greater degree of risk than an investment in securities of issuers based in developed countries. Among other things, emerging market securities investments may be subject to the following risks: less publicly available information; more volatile markets; less liquidity or available credit; political or economic instability; less strict securities market regulation; less favourable tax or legal provisions; price controls and other restrictive governmental actions; a greater likelihood of severe inflation; unstable currency; and war and expropriation of personal property.

Emerging markets generally are smaller in size, less liquid, more volatile, and not as efficient as those in developed countries. In some cases, a market for the security may not exist locally and transactions will need to be made on a neighbouring exchange. Volume and liquidity levels in emerging markets are lower than in developed countries. When seeking to sell emerging market securities, little or no market may exist for the securities. In addition, issuers based in emerging markets are not generally subject to uniform

accounting and financial reporting standards, practices, and requirements comparable to those applicable to issuers based in developed countries, thereby potentially increasing the risk of fraud or other deceptive practices. The quality and reliability of official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported. The issuers of some securities, such as banks and other financial institutions, may be subject to less stringent regulations than would be the case for issuers in developed countries and, therefore, potentially carry greater risk. Emerging market countries may also impose taxes on the Fund or its investors (including brokerage taxes, withholding, and other taxes), and tax laws, rules and regulations of emerging market countries are subject to change, which may adversely impact the Fund's investors and the investments of the Fund. Similarly, the laws of various emerging market countries governing business organisations, bankruptcy, and insolvency may make legal action difficult and provide little, if any, legal protection for investors.

Due to the foregoing risks and complications, the costs associated with investments in emerging markets securities generally is higher than for securities of issuers based in developed countries. Furthermore, the economies of individual emerging market countries may differ with respect to the growth of gross domestic product or gross national product, rate of inflation, capital reinvestment, resource self-sufficiency, and balance of payments position. Also, the inter-relatedness of the economies in emerging market countries has deepened over the years, with the effect that economic difficulties in one country often spread throughout the region. A continuation of this trend could adversely affect global economic conditions and world markets and, in turn, could adversely affect performance.

General Political, Economic and Market Conditions

The success of the Fund's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Fund's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts, or security operations). These factors may affect the level and volatility of securities prices and the liquidity of the Fund's investments. Volatility or illiquidity could impair the Fund's profitability or result in losses. The Fund may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets; the larger the positions, the greater the potential for loss.

Political and economic structures in countries with emerging economies or stock markets may lack social, political, and economic stability and may undergo rapid and significant evolution and development. Many emerging market countries are subject to significantly greater degrees of political and social instability than developed countries. Accordingly, expropriation, confiscatory taxation, nationalization, political, economic or social instability, or other developments could adversely affect the assets and investments of the Fund.

Governments of many emerging market countries have exercised and continue to exercise substantial influence over many aspects of the private sector. In some cases, the government owns or controls many companies, including some of the largest in such countries. Accordingly, government actions in the future could have a significant effect on economic conditions in particular emerging market countries, which could affect private sector companies and the Fund, as well as market conditions and the prices and yields of the Fund's investments. Certain emerging market countries have in the past failed to recognize private property rights and have at times nationalized or expropriated the assets of private companies. As a result, the risks from investing in such countries, including the risks of nationalization or expropriation of assets, may be heightened.

Some emerging market countries have experienced significant increases in the number and size of financially distressed companies caused by, among other factors, excessive capital investments, high levels of indebtedness and foreign currency exposure, weakening export prices, the practice of cross guarantees by companies within the same conglomerate, and the increased willingness of certain countries to allow troubled companies and conglomerates to fail. As a result of corporate failures and high levels of short-term foreign currency borrowings from foreign financial institutions, financial institutions in certain emerging market countries have experienced a general increase in non-performing loans and deterioration in their capital adequacy ratios. In addition, as a result of such economic difficulty, some of these countries have experienced incidents of political, labour and ethnic disturbances, which may in turn add to economic turmoil and adversely affect the investments of the Funds.

Investment and Repatriation Restrictions

Investment in emerging market countries may be restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude investment and may increase the risk and/or expenses associated with the investments of the Funds. For example, certain emerging market countries may: (i) require governmental approval prior to investment in companies or industries deemed important to national interests; (ii) limit the amount of investment by persons who are not citizens; (iii) limit investments by persons who are not citizens to only a specific class of securities of a company that may have less advantageous terms than the classes available for purchase by citizens of the country; or (iv) impose additional taxes on investors who are not citizens, including expropriation and/or confiscatory taxes. In addition, the repatriation of both investment income and capital from certain countries may be subject to restrictions such as government consent or a waiting period. Finally, certain countries may impose withholding taxes, import duties, and other protectionist measures, which could adversely affect the returns associated with certain investments of the Fund. Although these restrictions may make investment in the emerging market countries to which they apply undesirable in the future, the Funds nevertheless may proceed with investments in countries that have existing or potential investment and repatriation restrictions.

Illiquidity

The securities markets of many emerging market countries are substantially smaller and less liquid than the major securities markets in the United States and Europe. A high proportion of shares of many emerging market countries markets may be held by a limited number of persons. A limited number of issuers in most emerging markets may represent a disproportionately large percentage of market capitalization and trading value. In addition, in some cases the Fund may be prohibited by contract or regulatory reasons from selling certain securities for a period of time. The limited liquidity of securities markets in the countries in which the Fund may invest may affect the Fund's ability to acquire or dispose of securities at the price and time it wishes to do so. In addition, settlement systems in certain emerging market countries may be less developed than in more established markets and could impede the Fund's ability to effect transactions in these countries. There can be no assurances that the Fund will be able to dispose of its investments at the price and at the time it wishes to do so.

Inflation

Emerging markets could experience very high variable rates of inflation. If rapid changes in inflation were to occur, they could have an adverse effect on the performance of the Funds. In an attempt to stabilize

inflation, certain emerging market countries have imposed wage and price controls at times. Past governmental efforts to curb inflation in some countries have also involved more drastic economic measures that have had a materially adverse effect on the level of economic activity in the countries where such measures were employed.

Currency Risk

The currencies in which investments are denominated may be unstable, may be subject to significant depreciation, and may not be freely convertible into other currencies. In some countries, major devaluations have occurred and could occur in the future. The Funds may invest in emerging market countries that have managed currencies which are not freely floating against the US Dollar. This practice may result in long periods of steady real exchange rate appreciation or depreciation that may result in abrupt and sizeable currency adjustments. In addition, there is a risk that certain emerging market countries may restrict the free conversion of their currencies into other currencies. Further, certain currencies may not be internationally traded or may have experienced depreciation relative to the US Dollar. Any devaluations in the currencies of emerging market countries in which the Fund's portfolio securities are denominated may have a detrimental impact on the value of the Fund's portfolio. However, the Fund may invest, in certain instances, in securities denominated in such currencies nonetheless. While the Fund may attempt to protect capital from currency fluctuations through the use of options and future contracts there is no guarantee that it will be able to find adequate instruments for this purpose, or that it will be successful in using them even if available. There is no guarantee that the Fund will be able to predict currency movements and, as a consequence, currency fluctuations may result in substantial losses of the Fund's capital.

Disclosure and Reporting Standards

The accounting, auditing, disclosure, and regulatory standards applicable to emerging markets may be less complete, less stringent, less stringently enforced, and less reliable than is customarily available in more developed countries. There may also be less publicly available information for investors about companies and securities in emerging market countries.

Local Intermediary Risk

The Fund may effect transactions through local brokers, banks, or other organisations in the emerging market countries in which it invests. Use of local intermediaries may subject the Fund to the risk of default, insolvency, or fraud by such organisations. In addition, the Fund, as a foreign investor, may become a target for illegal activities. Such threats may cause the Fund to cease or alter certain activities or liquidate certain investments, which may have a material adverse effect on the Fund.

Custodians are not able to offer the level of service and safe-keeping, settlement, and administration of securities that is customary in more developed markets, and there is a risk that the Fund will not be recognised as the owner of securities held on its behalf by a sub custodian.

Other Local Third-Party Involvement

With respect to Emso's private credit strategy, Emso often will retain one or more third parties to provide services in relation to investment activities and operations for certain transactions in which the private credit funds participate. Services that these local third parties can provide include asset servicing, deal

sourcing, consulting, or advisory services, including services related to the development of investment opportunities in a given sector or geographic region. Emso also retains one or more individuals from time to time in connection with establishing platforms for investments, or providing other similar services. The private credit funds pay fees to these third-party servicers (including without limitation arrangements providing for profits, or other incentive-based compensation) that is in addition to the compensation paid to Emso. The involvement of third parties presents a number of risks primarily relating to Emso's reduced control of the functions that are outsourced. For example, Emso may rely on the findings of third parties to inform investment and management decisions. Participating private credit funds are subject to the risk of mismanagement default, insolvency, or fraud of such organizations. Similarly, these funds will, from time to time, make investments through partnerships, joint ventures, securitization vehicles or other arrangements with third party participants (collectively, "joint ventures"). These joint venture-type transactions also involve various risks, including a) the risk that the fund(s) will not be able to implement investment decisions or exit strategies because of limitations on the fund's control, b) the risk that a joint venture partner or participation counter-party may become bankrupt, or may, at any time, have economic or business interests or goals that are inconsistent with those of the fund, c) the risk that a joint venture partner or participation counter-party may be in a position to take action contrary to the fund's objectives, d) the risk of liability based upon the actions of a joint venture partner or participation counter-party and e) the risk of disputes or litigation with such party and the inability to enforce fully all rights (or the incurrance of additional risk in connection with enforcement of rights) one party may have against the other, including in connection with foreclosure on loans, because of risks arising under applicable law. In addition, the fund may be liable for actions of joint venture partners under certain circumstances.

Legal Risk

Many of the laws that govern private and foreign investment, securities transactions, intellectual property rights, creditors' rights, and other contractual relationships in emerging markets are new and largely untested. As a result, the Fund may be subject to a number of unusual risks, including inadequate investor protection, contradictory legislation, incomplete, unclear, inconsistent and changing laws, ignorance or breaches of regulations on the part of other market participants, lack of standard practices and confidentiality customs characteristic of developed markets, a high degree of discretion on the part of governmental authorities, and lack of enforcement of existing regulations. The Fund may also be subject to an understaffed, underfunded judiciary whose immunity from economic, political, and nationalistic influences remains uncertain. Judges and courts may be inexperienced in business and corporate law, and enforcement of court judgments can be selective and practically very difficult. Furthermore, it may be difficult to obtain and enforce a judgment in regional courts, and a judgment obtained in court from an arbitral panel may not be given direct effect by regional courts. There can be no assurance that this difficulty in protecting and enforcing rights will not have a material adverse effect on the Fund and its operations.

Difficulty of Bringing Suit

The ability of the Fund to bring suit against an entity in which the Fund invests or such entity's directors, executive officers, or shareholders may be limited. Such entities will likely be organised under the laws of countries other than the United States, their directors and officers are likely to reside outside of the United States, and substantially all of their assets may be located outside of the United States. As a result, it is likely that the Fund will be unable to effect service of process within the United States upon such

entities or their directors and officers. Even where an entity is successfully sued in the United States, enforcement of the judgment in certain jurisdictions is impossible and in other jurisdictions may be difficult.

Taxation of the Fund or its Investors

Under the tax laws of certain emerging market countries, the Fund or its investors may be subject to taxation on a net income basis on the profits of the Fund if the Fund is considered to be engaged in a trade or business in an emerging market country, or to have a “permanent establishment” within that country. Depending on the tax laws of the emerging market countries, the Fund may be considered to be engaged in a trade or business, or to have a “permanent establishment,” in such country if it conducts business through a branch or an agent located in that country. Depending on the activities of Emso in an emerging market country, it is possible that such activities may cause the Fund to be considered to be conducting business through a branch or an agent in such jurisdiction. Furthermore, in certain emerging market countries, the Fund may be considered to be engaged in a trade or business, or to have a “permanent establishment,” if the Fund holds interests in a partnership that itself is engaged in a trade or business, or has a “permanent establishment,” in that nation. Emso anticipates that it will normally attempt to structure the Fund’s investments in a way that is not likely to subject the Fund or its investors (not otherwise resident, engaged in a trade or business, or having a “permanent establishment” in the relevant country) to taxation on a net income basis in any emerging market country, consistent with the Fund’s overall business objectives.

Even assuming that the Fund is not treated as being engaged in a trade or business or as having a “permanent establishment” in an emerging market country, dividends in cash or in kind on shares of portfolio companies resident in such nation, and interest on debt securities of such portfolio companies, may be subject to income tax, withholding tax, or other taxes under the tax laws of that nation. Also, under the tax laws of an emerging market country, gains realized by the Fund on the sale or other disposition of shares or debt securities of portfolio companies resident in such country may be subject to taxation. Transfers or acquisitions of shares or debt securities of portfolio companies may also give rise to stock exchange taxes, stamp taxes, transfer taxes, gross proceeds taxes, remittance taxes, or other transaction taxes. Fees for professional services rendered to the Fund may be subject to value added tax or sales tax.

Similarly, if the Fund holds interests in a portfolio company that is characterized as a “partnership” for U.S. federal income tax purposes, the income, gains, losses, deductions, and credits of the Fund that are allocated among all holders will include the Fund’s allocable share of the income, gains, losses, deductions, and credits of the portfolio company.

Certain investors in the Fund may be able to credit tax imposed in an investment jurisdiction on the investors or the Fund against the tax liabilities of the investor in its country of residence. However, the availability of any such credit will depend on the specific circumstances of the investor and the tax laws of its country of residence, and it is likely that certain categories of investors, including tax exempt entities, will not be entitled to any such tax credit.

For investors that are not entitled to any such credit, the return to the investors (including its preferred return) will be reduced by its allocable share of taxes imposed on the Fund or such investor.

Unspecified Use of Proceeds

Investors will not have an opportunity to evaluate for themselves the relevant economic, financial, and other information regarding the investments to be made and, accordingly, will be dependent upon the judgment and ability of Emso in investing and managing the capital of the Fund. No assurance can be given that Emso will be successful in obtaining suitable investments, or that if such investments are made, the objectives of Emso will be achieved.

Investment Management Risk

The investment performance of the Funds is substantially dependent on the services of certain key employees of Emso, who are responsible for managing the investment of the assets of the Fund. In the event of the death, incapacity, departure, insolvency, or withdrawal of any number of these individuals at the same time, the performance of the Funds may be adversely affected.

Global Health Crisis. A global health crisis, pandemic, epidemic or outbreak of a contagious disease, such as the recent outbreak of Covid-19 in China, the United Kingdom, the United States, and other countries, could have an adverse impact on global, national, and local economies, which in turn could have a negative impact on the Funds. Disruptions to commercial activity relating to the imposition of quarantines or travel restrictions (or more generally, a failure of containment efforts) may adversely impact Fund investments. In addition, the imposition of travel restrictions may impact the ability of the Investment Manager's personnel to travel in connection with the investment activities of the Funds or to the Investment Manager's offices, which could negatively impact the ability of the Investment Manager to effectively identify, monitor, operate, and dispose of investments. Finally, the outbreak of Covid-19 has contributed to, and may continue to contribute to, volatility in financial markets, including changes in interest rates. A continued outbreak may reduce the availability of debt financing to the Funds, which could have material and adverse impact on Fund returns. The impact of a public health crisis such as Covid-19 (or any future pandemic, epidemic or outbreak of a contagious disease) is difficult to predict, which presents material uncertainty and risk with respect to Fund performance.

Liquidity and Market Characteristics. In some circumstances, investments of a Fund may be relatively illiquid making it difficult to acquire or dispose of them at the prices quoted on the various exchanges. Accordingly, each Fund's ability to respond to market movements may be impaired and the Fund may experience adverse price movements upon liquidation of its investments. Settlement of transactions may be subject to delay and administrative uncertainties.

LIBOR Risks. It is expected that the London Interbank Offered Rate ("LIBOR") will not be published after the year 2021. In anticipation, the United States and other countries are currently working to replace LIBOR with alternative reference rates. The expected discontinuation of LIBOR will impact financial contracts to which the Funds are a party that refer to LIBOR. Generally, the transition to alternative reference rates may (i) cause the value of a reference rate to be uncertain or to be lower or more volatile than it would otherwise be; (ii) result in uncertainty as to the functioning, liquidity, or value of certain financial contracts; (iii) involve actions of regulators or rate administrators that adversely affect certain markets or specific financial contracts; and (iv) impact the strategy, products, processes, legal positions, and information systems of market participants, including the Funds and their counterparties. With respect to financial contracts to which the Funds are a party, including corporate and municipal bonds and loans, bank loans, floating rate debt, certain asset-backed securities, and interest rate swaps and other derivatives, any such contract that has a maturity that extends beyond 2021 and uses LIBOR as a

reference rate (other than contracts that include curative fallback language or other curative mechanisms) may need to be renegotiated, the process of which will consume resources of the Funds and may result in disputes among counterparties, the result of which may be adverse to the Funds. Considered in their entirety, the impacts of the discontinuation of LIBOR on financial markets generally and on the specific financial contracts to which the Funds are a party may adversely affect the performance of the Funds.

Net Asset Value Considerations. The net asset value (“NAV”) of a Fund is expected to fluctuate over time with the performance of its investments. An investor may not fully recover their initial investment when they chooses to redeem their shares or upon compulsory redemption if the NAV at the time of such redemption is less than the price paid by such investor.

Prime Brokers. Each Fund is one of a prime brokers’ unsecured creditors in relation to assets of the Fund which that prime broker borrows, lends, or otherwise uses and, in the event of the insolvency of the relevant prime broker, the Fund might not be able to recover equivalent assets in full.

Performance Fees. In addition to receiving a management fee, Emso may also receive performance fees based on the appreciation in the NAV and accordingly the performance fees may be payable with regard to unrealized appreciation, as well as realized gains. Therefore, the performance fees may be paid on unrealized gains which may subsequently never be realized. The performance fees may create an incentive for Emso to make investments for each Fund which are riskier than would be the case in the absence of a fee reflecting the performance of the Fund.

Regulatory Risks of Hedge Funds. The regulatory environment for hedge funds is evolving and changes therein may adversely affect the ability of each Fund to obtain the leverage it might otherwise obtain or to pursue its investment strategies and methodologies, including, without limitation, the use of derivatives and short sales. In addition, the regulatory or tax environment for derivative and related instruments is evolving and may be subject to modification by government or judicial action which may adversely affect the value of the investments held by the Fund. In addition to the Bank Regulatory Reform Act, regulatory authorities in Europe have also launched several initiatives to increase the oversight and regulation of hedge funds which could increase the Fund’s exposure to potential liabilities and to legal, compliance, and other related costs. Increased regulatory oversight can also impose administrative burdens on Emso, including, without limitation, responding to investigations and implementing new policies and procedures. Such burdens may divert Emso’s time, attention, and resources from portfolio management activities. It is impossible to predict what, if any, changes in regulation applicable to the Funds, and the markets in which it trades and invests or the counterparties with which it does business, may be instituted in the future. The effect of any future regulatory or tax change on the Fund is impossible to predict, but could have a material adverse impact on the profit potential of the Fund, as well as require increased transparency as to the identity of the investors.

Risk Models. Emso employs risk models to monitor the market risk of each Fund. These models (or the assumptions underlying them) may prove to be incorrect. The use of these models cannot guarantee that the Fund will not suffer from adverse market movements.

Short Selling. Short selling by a Fund involves trading on margin and accordingly can involve greater risk than investments based on a long position. A short sale of a security involves the risk of a theoretically unlimited increase in the market price of the security, which could result in an inability to cover the short

position and a theoretically unlimited loss. There can be no guarantee that securities necessary to cover a short position will be available for purchase.

Tax Considerations. Where a Fund invests in securities that are not subject to withholding tax at the time of acquisition, there can be no assurance that tax may not be withheld in the future as a result of any change in applicable laws, treaties, rules or regulations, or the interpretation thereof. The Fund may not be able to recover such withheld tax and so any such change may have an adverse effect on the Net Asset Value.

Transaction Costs. A Fund's investment approach may involve a high level of trading and turnover of the Fund's investments which may generate substantial transaction costs which will be borne by the Fund.

Undervalued Securities. **One of the objectives of a Fund is to invest in undervalued securities. The identification of investment opportunities in undervalued securities is a difficult task, and there can be no assurance that such opportunities will be successfully recognised. While investments in undervalued securities offer opportunities for above average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from a Fund's investments may not adequately compensate for the business and financial risks assumed. A Fund may make certain speculative investments in securities which Emso believes to be undervalued; however, there can be no assurance that the securities purchased will in fact be undervalued or that they will increase in value. In addition, the Fund may be required to hold such securities for a substantial period of time before realising their anticipated value. During this period, a portion of the Fund's capital would be committed to the securities purchased, thus possibly preventing the Fund from investing in other opportunities. In addition, the Fund may finance such purchases with borrowed funds and, in that case, would have to pay interest on such funds during such waiting period.**

Other Fees and Expenses. In order to identify, locate and develop undervalued assets in emerging markets a Fund, or Emso, on behalf of the Fund, may enter into contractual arrangements with local experts and professionals. These arrangements may generate substantial costs to be borne by the Fund or Emso.

United Kingdom Tax Exposures

Residence

Emso UK intends to conduct the affairs of each Fund so that it does not become a resident in the United Kingdom for United Kingdom tax purposes. If a Fund were to become so resident, it would be subject to taxation in the United Kingdom on worldwide income and capital gains.

Permanent Establishment in the United Kingdom

If Emso UK (or any successor acting out of the United Kingdom) is treated as a permanent establishment of a Fund in the United Kingdom, HMRC may seek to subject the profits of a Fund, as the case may be, to United Kingdom taxation. Emso UK intends to conduct its functions in relation to the Funds so that it is able to rely on the "Investment Manager Exemption" to prevent it being a permanent establishment of either company. While Emso UK intends to continue to do this, no assurance is given that it will be able to do so at all times.

No Internal Revenue Service Rulings

The Funds do not seek rulings from the IRS with respect to any of the United States federal income tax considerations discussed in the applicable offering memorandum. Thus, positions to be taken by the IRS as to tax consequences could differ from positions taken by the Funds. Investors should consider carefully the disclosures, including risk factors, discussed in the applicable offering memorandum relating to tax considerations and should consult their own professional advisers as to the tax implications of acquiring, holding and disposing of any investment and as to the applicable provisions of the laws of the jurisdictions in which they are subject to taxation.

Tax Shelter Status

Under the Code and Treasury Regulations, the activities of the Funds and/or an investor may create one or more “reportable transactions,” requiring the Funds and each US investor of the Funds, respectively, to file certain information returns. While the IRS has issued Revenue Procedures exempting certain transactions from disclosure, there can be no assurance that any such exemptions from the reporting requirements will apply to all Fund or investor transactions. US investors should consult with their own advisors concerning the application of these reporting obligations to their specific situations.

Please also refer to “**General Risks**” below.

General Risks

Alternative investments entail a high degree of risk. Investors should give careful consideration to the following risk factors and conflicts of interest detailed in this [Item 8](#) and other product-specific information provided by Emso or the placement agent in evaluating the merits and suitability of any alternative investments. The following does not purport to be a comprehensive summary of all the risks and conflicts of interest associated with alternative investments.

General Economic Conditions and Recent Events

Investments made by any Fund may be sensitive to the performance of the overall economy. A negative impact on economic fundamentals, and consumer and business confidence, would likely increase market volatility and/or reduce liquidity, each of which could have a material adverse effect on the performance of investments made by any Fund, and these or similar events may affect a Fund’s ability to execute its investment strategy.

Government Regulation – Financial Stability Legislation.

The Financial Reform Act includes significant alterations to the regulations applicable to financial institutions and investment advisors, including the Funds and Emso. The Financial Reform Act modifies registration requirements for private investment funds, modifies the standard to qualify as an accredited investor, and modifies a number of restrictions applicable to covered financial companies. The Financial Reform Act requires advisers to private funds to maintain certain records and reports pertaining to the following items, which are subject to SEC inspection: amount of assets under management; use of

leverage; counterparty exposure; trading and investment positions; valuation policies and practices; types of assets held; side arrangements or side letters; trading practices and other information deemed necessary by the SEC. Additionally, the Financial Reform Act imposes regulatory changes with respect to covered financial companies relating to the operation, capital maintenance and activities of systemically important nonbank financial companies, and would restrict such entities from engaging in proprietary trading, investing in or sponsoring certain private funds, and engaging in transactions with affiliates. The Financial Reform Act includes a number of additional regulatory requirements with respect to entering into derivative and swap transactions, capital and margin requirements for swap transactions and obtaining approvals for swap transactions. Federal, state, and other governments, their regulatory agencies, or self regulatory organizations may enact further legislation and/or rules which impact the management of the Fund and the instruments in which the Fund invests in ways that are unforeseeable. The U.S. Congress specifically delegated rule making authority necessary to implement certain provisions of the Financial Reform Act to a range of governmental regulators which wield discretionary authority, such as the SEC, the CFTC, the Board of Governors of the Federal Reserve System, and the Financial Stability Oversight Council. Such legislation or regulation could limit or preclude the Fund's ability to achieve its investment objective.

Please also refer to the confidential private offering memorandum of each of the Funds for a detailed description of the material risks related to an investment in the Funds.

Item 9 Disciplinary Information

Neither Emso nor any of its personnel are or have been the subjects of regulatory disciplinary action since Emso commenced advisory services for the Advisory Clients.

Item 10 Other Financial Industry Activities and Affiliations

Emso UK serves as the investment manager to the Advisory Clients and Emso US serves as a sub adviser. Emso, its employees, affiliates, or their related persons also invest directly in certain of Emso's Advisory Clients. It should be noted that investments made by such parties are not subject to the Management or Performance based fees described in Item 5 above.

Emso GP Services Limited serves as the general partner for certain of the Emso Funds. Emso GP Services Limited and Emso UK are affiliated through common ownership by White Park Limited. Emso is of the view that this affiliation does not create any material conflicts of interest.

Emso is registered as a commodity pool operator and a commodity trading advisor with the Commodity Futures Trading Commission. In connection with this registration, certain Emso employees are listed/registered with the National Futures Association as Principals and/or Associated Persons of Emso.

Emso has entered into other additional written agreements ("**Side Letters**") with investors. These Side Letters may entitle an investor to make an investment in the relevant fund on terms other than those described in the relevant fund offering document. Any such terms may be more favorable than those offered to any other investor. Typically, Side Letters are entered into with investors that subscribe substantial amounts for interests in the relevant fund. Some Side Letters have so-called 'most favored nation' terms that require the investor to meet certain minimum subscription and holding requirements in order to qualify for such terms. Side Letters also typically include provisions dealing with tax treatment, notices, in-kind redemptions, limitation of liability, change of investment strategy, and replacement of the Investment Manager. Still others have provisions that address unique legal and regulatory requirements applicable to the status of the investor such as a sovereign wealth fund or a state-owned entity. It is the policy of Emso to include in Side Letters only such provisions regarding notifications and reporting that Emso is willing or able to provide to other investors in the relevant fund.

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

Code of Ethics

Emso has adopted a Code of Ethics that memorializes Emso's fundamental duties as a fiduciary. The Code of Ethics includes standards of business conduct and incorporates a personal investments policy. Each employee providing services through Emso receives a copy of the Code of Ethics upon hiring and annually thereafter and must sign an attestation that such employee has read and understood such Code of Ethics.

Emso's Code of Ethics requires each employee to prioritize the interests of the client, to avoid conflicts of interest, to never abuse such employee's position of trust and responsibility, and to comply with all federal securities laws. Employees are required to safeguard material non-public information in such employee's possession and are prohibited from using such information to such employee's personal benefit. Each employee must treat information belonging to clients as confidential and take care to protect such information from unauthorized access by third parties.

To avoid any potential conflict of interest involving personal transactions, Emso requires each employee providing services through Emso to notify Emso's Compliance team upon opening a personal account, to pre-clear certain personal transactions (as further defined in Emso's Code), and to disclose all potential conflicts of interest with regard to such a personal transaction before engaging in the transaction. Employees are also subject to a restricted list and a holding period. In addition, access persons (defined as employees providing services through Emso with access to non-public information regarding Emso's purchase or sale of securities and directors, officers, and partners) will (i) upon starting employment, provide a complete record of their securities holdings to the Compliance team and annually thereafter and (ii) provide quarterly reports of personal securities transactions within 30 days following the end of the quarter, unless such information has been provided through other means (i.e., brokerage statements). All employees are required to inform the Compliance team of any violation of the Code of Ethics that comes to their notice.

A copy of Emso's Code of Ethics will be provided to any client or prospective client upon request.

Trading Practices

Participation and Interest in Client Transactions. Emso has implemented policies and procedures that address affiliated transactions. Emso rarely effects a securities transaction directly between one or more of the Funds. In such case, one Fund would purchase securities held by another Fund. Emso effects these transactions only (i) when it deems the transaction to be in the best interests of both client accounts, (ii) at a price that Emso has determined by reference to independent market indicators, which Emso believes to constitute "best execution" for both accounts, and (iii) upon the written approval of Emso's Fiduciary Committee. Emso will not receive any compensation, directly or indirectly, for arranging such a transaction. To the extent that Emso engages in principal agency, agency cross transactions, or cross trades, such transactions will be consummated in accordance with FCA rules and regulations and in accordance with Section 206(3) of the Advisers Act and, as applicable, Rule 206(3)-2 promulgated thereunder, subject to exemptions from such rules applicable to Emso UK as a non-U.S. adviser of non-U.S. Funds.

Excess Capacity Opportunities

Upon reaching Client portfolio construction limitations and/or guidelines, Emso, from time to time, offers to individuals and entities (including, without limitation, investors in Advisory Clients managed by Emso, and/or their respective affiliates) the opportunity to invest in, or provide financing to, certain investment opportunities in which one or more of the Advisory Clients have invested or that become available to the Advisory Clients, but in which Emso believes it can make additional investments without affecting its ability to trade the investments (an “**Excess Capacity Opportunity**”).

No investor should have any expectation or entitlement to be offered an opportunity to participate in such opportunities except to the extent of their participation through a fund or through a side letter or other agreement. Generally speaking, we anticipate that these opportunities will be offered to certain large or strategic investors who may have the infrastructure or capital to act quickly or where Emso believes, in its sole discretion, that allocating Excess Capacity Opportunities to a potential investor will help provide longer-term benefits to the Clients, future Clients managed by Emso, other Investors, or future Investors.

Aggregation of Transactions

Aggregation, or “bunching” describes a procedure whereby an investment advisor combines the trades of two (2) or more clients into a single trade for the purpose of obtaining better overall prices and/or lower execution costs. If Emso determines that the purchase or sale of an asset is appropriate with regard to multiple Advisory Clients, Emso may, but is not obligated to, purchase or sell such an asset on behalf of such Advisory Clients with an aggregated order. Opportunities for Emso would generally arise when more than one Advisory Client within a fund group is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. Emso will generally aggregate trades across the Advisory Clients of a particular Fund Group, subject to an Advisory Client’s investment guidelines, unless aggregation is not consistent with Emso’s duty to obtain best execution. Emso’s portfolio managers may opt to aggregate the trading of one or more fund groups when fairness and equitable treatment can be assured. No Advisory Client may be favoured over any other Advisory Client.

Inside Information

In addition, Emso has adopted procedures to guard against insider trading. In the event that Emso obtains material, non-public information about an issuer, it will be prohibited from trading the issuer’s securities until the information becomes public or is no longer material. Emso’s investment flexibility may be constrained as a consequence of Emso’s inability to use such information for investment purposes. In connection with the gathering of political intelligence, Emso also has adopted procedures to guard against violations of the Stop Trading on Congressional Knowledge Act (“**STOCK Act**”).

Other Conflicts of Interest

Generally speaking, officers and employees providing services through Emso will devote such time as they deem necessary to carry out the operations of the Advisory Clients. However, officers and employees providing services through Emso are not necessarily required to devote full time to a given Advisory

Client's business, and they may have conflicts of interest in allocating their time between such entities and other related or unrelated activities.

It is also possible that Emso and its employees will be permitted to co-invest in certain investment opportunities in which a given Advisory Client invests as a further incentive and means of aligning such professionals' interests with the interests of the fund's investors.

Emso, its employees, or their related persons also invest directly in certain of the Advisory Clients. Investments in the Advisory Clients made by such parties will not be subject to the asset or performance-based fees described in Item 5. The fact that Emso's principals and employees have financial ownership interests in the Advisory Clients also creates a potential conflict in that it could cause Emso to make different investment decisions than if such parties did not have such financial ownership interests.

One Emso employee maintains legacy investments in a company with which the Firm conducts business. We do not believe that these investments present any material conflicts of interest.

Emso serves as the investment manager to the Funds and as such participates in offering interests in the Funds to prospective investors. Emso has a material financial interest with respect to fees paid by Investors. Management fees are payable without regard to the overall success or income earned by the Advisory Clients and therefore may create an incentive on the part of Emso to raise or otherwise increase assets under management to a higher level than would be the case if Emso were receiving a lower or no management fee. Performance-based fees may create an incentive for Emso to make investments that are riskier or more speculative than in the absence of such performance-based compensation. Investors are provided with clear disclosure as to how performance-based compensation is charged and the risks associated with such performance-based compensation prior to making an investment.

Emso's investors include entities and persons located in various jurisdictions, who may have conflicting investment, tax, and other interests with respect to their various fund investments. As a result, conflicts of interest may arise in connection with decisions made by Emso or its affiliates that may be more beneficial for one type of investor than another type of investor. Emso will follow the investment objective and standards for resolving such conflicts set forth in each of its Fund's governing documents.

Emso invests on behalf of multiple Advisory Clients. As a result, Emso has, at times, effected transactions for one Advisory Client that differ from the transactions effected for another Advisory Client. In addition, Emso has invested in certain debt or equity securities or other debt instruments of a particular issuer for one Advisory Client while investing in a different part of the same issuer's capital structure, or in different tranches of debt for another Advisory Client, and, in either case, potentially at different times. This creates conflicts of interest, because Emso may pursue actions for one or more Advisory Clients that could have an adverse effect on another Advisory Client, in particular in the context of a restructuring or reorganization. In such instances, the Emso will seek to act in a manner it reasonably believes to be equitable to all Advisory Clients involved under the circumstances.

Emso personnel may be members on the boards of companies, which may restrict our ability to trade when it would otherwise be desirable to do so.

Emso's participation on creditors' committees may also restrict our ability to trade when it would otherwise be desirable to do so.

Further, such individuals serving as directors or on creditors' committees may be subject to fiduciary and other obligations to make decisions that they believe to be in the best interests of the relevant companies or other creditors represented by the committees. It may not always be the case that the interests of the Advisory Client will always align with those of these other constituents, particularly if portfolio companies are in financial difficulty. Such conflicts could create a risk of litigation and liability that has the potential to cause the participating Advisory Client(s) to incur legal fees and potential losses.

Procedures for Resolving Conflicts of Interest

It is the policy of Emso to meet the highest standards of ethical practice in respect of the management of conflicts of interest and to act at all times in the best interests of its Advisory Clients. In that regard, Emso has put in place a conflicts of interest policy with set practices and procedures that it follows. Where possible, Emso seeks to organize its business activities, including external arrangements, so as to avoid conflicts.

On any issues involving actual conflicts of interest, Emso will be guided by its legal obligations, including but not limited to the contractual requirements governing such situation, as well as its good faith judgment as to a client's best interests. Subject to the governing documents for each Fund, Emso may take such actions as it may deem necessary or appropriate to ameliorate the conflict. As an FCA regulated and authorized company, Emso UK is required to document all its actual or perceived conflicts of interest together with the remedial action that has been taken to reduce or minimize these conflicts. Such steps can include disclosure.

Item 12 Brokerage Practices

Brokerage Discretion

Emso generally is not limited in its authority to select broker-dealers for trade execution. In selecting a broker-dealer for trade execution, Emso uses its best judgment to select a broker-dealer that provides prompt and reliable execution at favorable securities prices and reasonable trading costs/commission rates. Emso has an obligation to provide best execution to Professional Clients as defined in the FCA's Conduct of Business Rules ("**Professional Clients**"). Best execution means taking all sufficient steps to obtain the best possible result for the execution of client orders, and acting in the best interests of clients when passing orders to other parties for execution. In doing so, Emso takes into account price, costs, speed, likelihood of execution and settlement, market impact, size, nature, or any other consideration relevant to the execution of the order, known as the "execution factors".

Emso may, at times, choose to participate in seminars or conferences, or other types of capital introduction service programs (collectively referred to as "**Cap Intro Programs**") held by prime brokers or broker-dealers for their current or prospective clients that are hedge fund or investment managers that manage funds or other types of investment vehicles or who are otherwise eligible to invest in Emso products. Emso may have an incentive to select or recommend a broker-dealer based on its interests in receiving client referrals or invitations to participate in such Cap Intro Programs.

Emso maintains a counterparty committee ("**Counterparty Committee**") which reviews and approves all counterparties. The Counterparty Committee also reviews trading volumes, commission rates/trading costs, and overall execution and service quality from counterparties.

Research and Other Soft Dollar Arrangements

Section 28(e) of the Securities and Exchange Act of 1934 provides a safe harbor for discretionary investment managers that use their clients' agency commission dollars to purchase research and brokerage services to assist them in the performance of their investment decision-making responsibilities. Any use of "soft dollars" will come within the safe harbor created by Section 28(e) of the Exchange Act of 1934. Broker-dealers having special capabilities or providing research services may be paid commissions in excess of those that other broker-dealers without such capabilities or not providing such services might charge. Emso does not currently utilize "soft dollars", and it is not anticipated that any commission sharing agreements will be entered into in the near future.

Allocation of Investment Opportunities

Participation in specific investment opportunities may be appropriate, at times, for more than one Advisory Client. In such cases, where possible, participation in such opportunities will be allocated on a fair and equitable basis over time taking into account various factors for the relevant Advisory Client (see the *Allocation Factors* below). As a general matter, Emso divides its Advisory Clients into different fund groups based on strategy, liquidity, and investment style (among other factors). While investments may overlap among the different fund groups, each fund group is generally treated independently for purposes of trade allocation.

The nature of Emso's business requires it to select from a large array of possible eligible investments that are appropriate for its Advisory Clients. It is not possible to list fully every single factor that Emso will take into account for each possible investment opportunity (the "**Allocation Factors**") in order to come to a balanced decision. However, the following serves as a non-exhaustive list of the factors that Emso generally takes into consideration when determining the initial allocation of assets to an Advisory Client portfolio:

- The return volatility target and the maximum drawdown constraint of the investment strategy of each Client, as applicable.
- Current leverage, target leverage, average life of the portfolio, target average life, and projected assets, roll-off.
- Single-name concentrations, exposure to similar issuers in the same industry sector, exposure and the correlation of exposure to similar credit risks.
- Geographic concentration of current asset exposures.
- Current funding requirement and any likely pressures owing to deals already in the pipeline.
- Individual Client requirements, and/or restrictions as set out in any Private Placement Agreement, Investment Advisory Agreement and/or similar documents.

Aggregation of Transactions

Aggregation, or "bunching" describes a procedure whereby an investment advisor combines the trades of two (2) or more clients into a single trade for the purpose of obtaining better overall prices and/or lower execution costs. If Emso determines that the purchase or sale of an asset is appropriate with regard to multiple Advisory Clients, Emso may, but is not obligated to, purchase or sell such an asset on behalf of such Advisory Clients with an aggregated order. Opportunities for Emso would generally arise when more than one Advisory Client within a Fund Group is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. Emso will generally aggregate trades across the Advisory Clients of a particular fund group, subject to an Advisory Client's investment guidelines, unless aggregation is not consistent with Emso's duty to obtain best execution. Emso's portfolio managers may opt to aggregate the trading of one or more fund groups when fairness and equitable treatment can be assured. No Advisory Client may be favoured over any other Advisory Client.

Trade Errors

Emso will generally endeavor to detect trade errors prior to settlement and correct and/or mitigate them in an expeditious manner. To the extent an error is caused by a counterparty Emso will seek to recover any losses associated with such error from the counterparty. Advisory Clients will benefit from any gains resulting from trade errors. For losses for which Emso is responsible, Emso will reimburse the Advisory Client (subject to a \$25 minimum or a sum equivalent to a bank wire fee for certain Advisory Clients).

Review of Accounts

The CEO, Chief Investment Officer, and principal owner of Emso, Mark Franklin, reviews client accounts and portfolios on a regular basis. Mr. Franklin generally meets with traders to review positions and strategy several times a week. As the portfolio exposures are fairly concentrated, the review process is ongoing.

The Firm also has a risk committee ("**Risk Committee**") which advises the Firm on risks associated to the Firm's business with a focus on business, portfolio, and operational risk management issues.

Client Reports

Investors receive annual audited financial statements and generally receive monthly performance reports. From time to time, investors also receive notices and updates to the applicable offering documentation. On a monthly basis, investors are notified of the net asset value by the administrator of the Funds.

Item 14 Client Referrals and Other Compensation

Emso does not receive any economic benefits from non-clients for providing investment advice or other advisory services to clients.

Emso may in the future enter into agreements with third parties to solicit clients for Emso's investment advisory services. Under such agreements, persons may refer or solicit clients and receive compensation for such services. The structure of any agreement with a third party, including the compensation payable to the solicitor, will be disclosed fully to the client as required by applicable law. Different solicitors may receive varying amounts of compensation for their services.

Item 15 Custody

Emso does not provide custodial services to its clients. Client assets are held with banks, registered broker-dealers, or other qualified custodians.

Emso will cause the Funds, and any related special purpose vehicles which it manages to maintain its funds and securities, with a qualified custodian. Qualified custodians include U.S. banks, SEC-registered broker-dealers, CFTC-registered futures commission merchants, and/or foreign financial institutions that segregates client assets.

In addition, each Fund is required to be audited at least annually and to provide audited financial statements to its investors within 120 days after the end of its fiscal year.

Item 16 Investment Discretion

Emso has the authority to determine, without obtaining specific client consent, the investments and temporary investments the Funds will acquire, subject in each case to the limitations and restrictions described in their offering materials.

Item 17 Voting Client Securities

Emso has been delegated the authority to vote investment proxies on behalf of certain of its clients and has adopted a written policy that is reasonably designed to ensure proxies are voted in the best interest of its clients and to resolve conflicts of interest (the “**Policy**”). The general policy is to vote proxy proposals, amendments, consents, or resolutions relating to client securities, including interests in private investment funds, if any, in a manner that serves the best interests of client accounts, as determined by Emso in its discretion. Clients may request a copy of the Policies and the proxy voting record relating to their account by contacting Emso.

Item 18 Financial Information

All client fees owed to Emso are paid in arrears. Under relevant SEC rules, this means that Emso is not required to disclose information about its financial position or balance sheets. Nonetheless, Emso has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and it has never been the subject of a bankruptcy proceeding.