

Tenor Capital Management Company, LP

Part 2A of Form ADV

The Brochure

810 Seventh Avenue, Suite 1905, New York, NY 10019

Updated: March 26, 2021

This brochure provides information about the qualifications and business practices of Tenor Capital Management Company, L.P. ("Tenor Capital", "we", "us", and similar terms). If you have any questions about the contents of this brochure, please contact us at 212-918-5300. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Tenor Capital is also available on the SEC's website at: www.adviserinfo.sec.gov.

Item 2 – Material Changes

This Item discusses only material changes made to the Part 2 of Form ADV since Tenor Capital's last annual update to the Brochure, filed in March 2020. While this update contains changes and updates to certain information, we do not feel the changes and updates since we last filed an annual update are material.

Item 3 – Table of Contents

Item 2 – Material Changes	2
Item 3 – Table of Contents.....	3
Item 4 – Advisory Business	4
Item 5 – Fees and Compensation	7
Item 7 – Types of Clients	11
Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss.....	12
Item 9 – Disciplinary Information.....	35
Item 10 – Other Financial Industry Activities and Affiliations	36
Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading ..	37
Item 12 – Brokerage Practices	40
Item 14 – Client Referrals and Other Compensation	44
Item 15 – Custody	45
Item 16 – Investment Discretion	46
Item 17 – Voting Client Securities.....	47
Item 18 – Financial Information	48

Item 4 – Advisory Business

Tenor Capital, a Delaware limited partnership, was established in March 2004. Tenor Capital has been registered with the SEC since August 2010.

Our principal owner is Robin R. Shah. Mr. Shah, as Managing Member of Tenor Management GP, LLC, the general partner of Tenor Capital, controls Tenor Capital.

Our registration also covers Tenor Opportunity Associates, LLC ("Associates") and Tenor Opportunity Associates II, LLC ("Associates II"), which serve as general partners of pooled investment vehicles managed by Tenor Capital. Mr. Shah, as Managing Member of Tenor Management Associates, LLC, the managing member of each of Associates and Associates II, also controls Associates and Associates II.

As of December 31, 2020, Tenor Capital, Associates and Associates II (collectively the "Tenor Advisors") managed \$5,392,516,834 of regulatory assets under management on a discretionary basis.

Advisory Services

The Tenor Advisors provide investment management services to private pooled investment vehicles offered to investors on a private placement basis. The investment vehicles are structured as Delaware limited partnerships, Cayman Island corporations, or Cayman Island limited partnerships. In connection with providing these investment management services, the Tenor Advisors have been appointed as investment advisers with discretionary trading authorization.

Tenor Capital is the investment adviser to the following investment funds (the "Continually Offered Offshore Corporate Funds"):

1. Tenor Opportunity Fund Ltd.
2. Aria Opportunity Fund, Ltd.; and
3. Parsoon Opportunity Fund, Ltd.

Tenor Capital is also the investment adviser to the following investment funds (the "Continually Offered Master Funds"):

1. Tenor Opportunity Master Fund, Ltd. – into which both Tenor LP (defined below) and Tenor Opportunity Fund Ltd. invest substantially all of their capital.
2. Parsoon Special Situation Ltd. – into which certain share classes of Parsoon Opportunity Fund, Ltd. invest substantially all of their capital. This fund has also issued shares directly to U.S. persons.

Associates serves as the general partner for Tenor Opportunity Fund L.P., ("Tenor LP" and, together with Tenor Opportunity Fund, Ltd., the "Tenor Opportunity Funds") (also, the "Continually Offered Onshore Fund" and, together with the Continually Offered Offshore Funds and the Continually Offered Master Funds, the "Continually Offered Funds").

Associates also serves (i) as the general partner for the Tenor Special Situations Fund, L.P. ("TSSF") (the "Continually Offered Offshore Partnership Fund" and, together with the Continually Offered Offshore Corporate Funds, the "Continually Offered Offshore Funds") and (ii) as the general partner for the following closed end investment funds ("Tenor International & Commercial Arbitration Funds" or "TICAF"):

1. Tenor International & Commercial Arbitration Fund, L.P.;
2. Tenor International & Commercial Arbitration Fund A, L.P.;
3. Tenor International & Commercial Arbitration Offshore Fund L.P.;
4. Tenor International & Commercial Arbitration Master Fund L.P., into which Tenor International & Commercial Arbitration Offshore Fund L.P. invests all its capital;
5. Recompense L.P.; and
6. Recompense Master L.P., into which Recompense L.P. invests all its capital.

Associates II serves as the general partner for the following closed end investment funds ("TICAF II" and, together with TICAF, the "TICAF Funds"):

1. Tenor International & Commercial Arbitration Fund II, L.P.;
2. Tenor International & Commercial Arbitration Offshore Fund II L.P.;
3. Tenor International & Commercial Arbitration Master Fund II L.P., into which Tenor International & Commercial Arbitration Offshore Fund II L.P. invests all its capital; and
4. Recompense II L.P., organized under the laws of the Cayman Islands, and Recompense Master II L.P., into which Recompense II L.P. invests all its capital.

The Continually Offered Funds, TICAF, and TICAF II are each referred to individually as a "Fund" and collectively as the "Funds". The Tenor Advisors have full discretionary authority with respect to investment decisions, and their advice with respect to the Funds is made in accordance with the investment objectives and guidelines set forth in each Fund's respective offering memorandum and/or pursuant to the investment management agreements entered into between each Fund and Tenor Capital. Tenor Capital also provides certain management and administrative services to all of the Funds.

Investment Strategies and Types of Investments

Tenor Capital's investment strategy with respect to the Tenor Opportunity Funds is to employ a variety of strategies primarily focused on credit, volatility and equity relative value. These strategies include convertible arbitrage, capital structure arbitrage, volatility and credit relative value, and special situation investment strategies. The Tenor Opportunity Funds generally invest in securities issued by entities that reside in the Americas, Europe and Asia. The securities traded by the Tenor Opportunity Funds may be listed securities, privately placed securities, over-the-counter contracts or other types of financial instruments, including bank loans, cash and derivative securities.

The Continually Offered Funds other than the Tenor Opportunity Funds (the "Tenor Legacy Funds") only hold certain "legacy" investments (including illiquid investments) and do not currently make

new investments other than adding to existing positions. The Tenor Legacy Funds previously had similar investment programs to the Tenor Opportunity Funds.

Tenor Capital's investment strategy with respect to the TICAF Funds is to invest primarily in international and commercial arbitrations. The TICAF Funds' primary focus is to proactively source and invest in international and commercial arbitrations in attractive and suitable jurisdictions around the world, including the United States.

Please see "Methods of Analysis, Investment Strategies and Risk of Loss" below for a more detailed description of the investment strategies pursued and types of investments made by the Funds.

The descriptions set forth in this brochure of specific advisory services that we offer to the Funds, and investment strategies pursued and investments made by us on behalf of the Funds, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that we consider appropriate, subject to each Fund's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. The Funds should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933 and other applicable state, federal or non-U.S. laws. Significant suitability requirements apply to prospective investors in the Funds, including requirements that they be "accredited investors" as defined in Regulation D, "qualified purchasers" as defined in the Investment Company Act, or non-"U.S. Persons" as defined in Regulation S. Persons reviewing this Brochure should not construe this as an offer to sell or a solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only by means of a confidential private placement memorandum.

Item 5 – Fees and Compensation

The fees applicable to each Fund are set forth in detail in each Fund's respective offering documents. A brief summary of those fees is provided below.

1. Tenor Opportunity Funds
 - Management Fee: 1.25% (annualized) to 1.5% (annualized) depending on certain factors, including, but not limited to, the size of investment.
 - Incentive Allocation/Fee: 17% to 20% depending on certain factors including, but not limited to, investment date and amount of investment and requirements that the net asset value of a series of shares be in excess of its "Prior High NAV" (or similar concept with respect to Tenor LP). In some cases, the incentive allocation or fee is subject to a hurdle.
2. Parsoon Opportunity Fund, Ltd. and Parsoon Special Situation Ltd. ("Parsoon")
 - Management Fees and Incentive Allocation rates: Are negotiated on a case by case basis for each co-investment.
3. Aria Opportunity Fund, Ltd. ("Aria")
 - Management Fees and Incentive Allocation rates: Are negotiated on a case by case basis for each co-investment.
4. Tenor Special Situations Fund, L.P.
 - Management Fees and Incentive Allocation rates: Are negotiated on a case by case basis for each co-investment.
5. Tenor International & Commercial Arbitration Fund, L.P., Tenor International & Commercial Arbitration Offshore Fund, L.P., Tenor International & Commercial Arbitration Fund A, L.P., and Recompense L.P.
 - Management Fee: 1.125% to 2.0% depending on certain factors, including, but not limited to, the size of the investment.
 - Distributions are subject to a "carried interest".
6. Tenor International & Commercial Arbitration Fund II, L.P., Tenor International & Commercial Arbitration Offshore Fund II, L.P., and Recompense II LP.
 - Management Fee: 1.125% to 2.0% depending on certain factors, including, but not limited to, the size of the investment.
 - Distributions are subject to a "carried interest".

Tenor Capital, Associates and/or Associates II, as applicable, may in their sole discretion, elect to reduce, waive or calculate differently any management fee or incentive allocation or fee.

The Tenor Advisors may invest in one or more of the Funds but will not be charged a management fee or incentive fee/allocation (and will not be subject to any "carried interest") by the applicable Funds in which they invest.

Management fees for the Funds are payable quarterly in advance. Management fees and incentive fees for the Funds are directly debited from the Funds' accounts, and incentive allocations are made from the investor's accounts within the relevant Funds.

For the TICAF Funds, if Tenor Capital or its affiliates receive any compensation in connection with investments made by the TICAF Funds, 100% of the portion of such compensation ratably attributable to the investment (or, in the case of broken deal fees, the proposed investment) in such investment will be applied as an offset to the Management Fee payable by the TICAF Funds, as discussed in greater detail in the TICAF Funds' governing documents or offering memoranda.

Expenses

Continually Offered Funds. The Continually Offered Funds bear their own expenses in connection with their operation, including, without limitation, investment related expenses such as brokerage commissions, research expenses, travel expenses, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, fees in connection with the administration of the Continually Offered Funds, custodial fees, bank service fees, withholding and transfer fees, taxes, clearing and settlement charges, professional fees (including, without limitation, expenses of consultants and experts) relating to investments, expenses related to the purchase, sale or transmittal of Continually Offered Fund investments, costs of providing news, data and quotation services, costs of computer equipment and software, including, without limitation, risk management systems, accounting systems, costs of reporting positions to risk measurement and aggregation reporting services (in each case except to the extent provided through soft dollars generated by the Continually Offered Funds), legal, accounting, audit and tax expenses, expenses for tax services, fees and expenses (including, without limitation, director registration fees) of Continually Offered Funds' directors and officers (including any anti-money laundering officer), licensing fees, the Management Fee, organizational expenses, expenses relating to the offer and sale of interests or shares, other similar expenses related to the Continually Offered Funds and any extraordinary expenses, as determined by the Board of Directors (in consultation with Tenor Capital) or Associates, as applicable, in its sole discretion.

TICAF Funds. The TICAF Funds are responsible for all of their own expenses, including organizational and offering expenses, the Management Fee, all expenses incurred in connection with the making, holding, management, sale or proposed sale of any investment, including commitment fees, interest expense, taxes and other transactional charges, any expenses associated with proposed investments that are ultimately not made by the TICAF Funds, consultants' and other experts' fees, research, legal and due diligence expense (including travel and lodging expenses) and custody expense. In addition, the TICAF Funds pay their direct operating expenses, such as offering expenses, legal, accounting, audit and tax preparation expenses, premiums for liability insurance covering Associates or Associates II, as applicable, Tenor Capital, and the members, partners, directors, officers, employees and agents of any of them and each member of the advisory board, other types of insurance covering the members, partners, directors, officers, employees and agents of Associates or Associates II, as applicable, or Tenor Capital, indemnification expenses for independent board members of any portfolio company selected or supported by Associates or Associates II, as applicable, or Tenor Capital, printing and mailing costs, market information systems and computer software expenses, fees of pricing services and financial modeling services, filing fees, regulatory and compliance costs, expenses of the advisory board and any extraordinary

expenses (including indemnification or litigation expenses). Expenses incurred in connection with an investment made or a proposed investment considered in common with other investment funds and accounts managed by Tenor Capital are allocated equitably among the TICAF Funds and such other funds and accounts. Generally, such allocations are based on the actual or contemplated percentage participation of each such fund in such investment; however, another method may be used if deemed more equitable in Tenor Capital's reasonable discretion under the specific circumstances.

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

We and our affiliates accept performance-based compensation from every Fund (other than Funds that are not assessed performance-based compensation because it is assessed through another entity in a single master-feeder or similar structure). As a result, we and our affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some funds, but not from other funds.

Item 7 – Types of Clients

The Tenor Advisors provide advice to private pooled investment vehicles offered only to qualified investors on a private placement basis. The investment vehicles are structured as limited partnerships or other types of non-U.S. entities. Interests in these investment vehicles are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements either in private transactions within the United States or in offshore transactions. Typically, these investors are high net worth individuals, institutions and other entities.

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

The descriptions set forth in this brochure of specific advisory services that the Tenor Advisors offer to the Funds, and investment strategies pursued and investments made by the Tenor Advisors on behalf of the Funds, should not be understood to limit in any way the Tenor Advisors' investment activities. The Tenor Advisors may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that we consider appropriate, subject to each Fund's investment objectives and guidelines. The investment strategies we pursue are speculative and entail substantial risks. The Funds should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Fund will be achieved

Methods of Analysis and Investment Strategies

The Tenor Opportunity Funds

The investment objective of the Tenor Opportunity Funds is to generate attractive risk-adjusted returns by employing a variety of strategies primarily focused on credit, volatility and equity relative value. These strategies include convertible arbitrage, capital structure arbitrage, volatility and credit relative value, and special situation investment strategies. The Tenor Opportunity Funds seek to optimize risk-adjusted returns by actively managing capital allocation across these strategies.

The portfolio is managed to reduce systematic risk through diversification and limited exposure to overall levels of equity market valuations and interest rates. The portfolio has exposure to issuer specific risk and general levels of volatility and credit spreads when the Tenor Advisors believe these strategies can provide attractive risk-adjusted returns.

Issuer specific risks that the Tenor Advisors retain usually have the following features: cheap volatility and credit on an intra-industry relative value basis, favorable credit and volatility relationships, mispriced capital structure components, credit hedged with equity or volatility, restructuring opportunities, and special situations related to convertible and high yield bonds.

The Tenor Opportunity Funds generally invest in securities issued by entities that reside in the Americas, Europe and Asia. The securities traded by the Tenor Opportunity Funds may be listed securities, privately placed securities, over-the-counter contracts or other types of financial instruments, including bank loans, cash and derivative securities.

Tenor Legacy Funds

As described above, the Tenor Legacy Funds only hold certain "legacy" investments (including illiquid investments) and do not currently make new investments other than adding to existing positions. The Tenor Legacy Funds previously had similar investment programs to the Tenor Opportunity Funds.

TICAF and TICAF II

The investment objective of TICAF and TICAF II is to generate attractive returns by investing in a concentrated portfolio of (i) international and commercial arbitration and (ii) commercial litigation investments. The TICAF Funds' primary focus is to proactively source and invest in international and commercial arbitrations in attractive and suitable jurisdictions around the world, including the United States. In addition, TICAF and TICAF II will be permitted to invest up to 33.3% of the aggregate capital commitments made to TICAF and TICAF II, respectively, and any additional fund (measured at the time of investment) in non-arbitration litigation based investments. The TICAF Funds' investments are intended to be uncorrelated to the equity and credit markets.

Risk Factors

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds advised by the Tenor Advisors. These risk factors include only those risks the Tenor Advisors believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Tenor Advisors.

Assumption of Catastrophe Risks

The Tenor Opportunity Master Fund, Ltd., Tenor Legacy Funds, *TICAF and TICAF II* may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets in which the Tenor Opportunity Master Fund, Ltd. participates (or has a material negative impact on the operations of the Investment Manager or the Funds' service providers), the risks of loss can be substantial and could have a material adverse effect on the Fund and the shareholders' investments therein.

Coronavirus Risks

In December 2019, a novel strain of coronavirus (known as COVID-19) surfaced in Wuhan, China, which has resulted in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across China and South Korea, among other affected countries. These closures have caused the disruption of manufacturing supply chains and local and global economies, the duration of which remains uncertain. As of March 2020, COVID-19 has spread across the world, which may result in additional market disruptions. The extent to which COVID-19 may negatively affect the operations of the Investment Manager and the performance of the Fund is difficult to predict. Any potential impact on such operations and performance will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of COVID-19 and the actions taken by authorities and other entities to contain COVID-19 or treat its impact. These potential impacts, while uncertain, could adversely affect the performance of the Fund.

Tenor Opportunity Funds

Risk Factors Relating to Investment Strategies

Convertible Arbitrage. Convertible arbitrage strategies involve investing in convertible securities that appear incorrectly valued relative to their theoretical value. The strategy consists of the purchase (or short sale) of a convertible security coupled with the short sale (or purchase) of the underlying security for which the convertible security can be exchanged to exploit price differentials. The Tenor Advisors may seek to hedge out the risk inherent in the stock; the remaining risk may or may not be hedged.

Convertible arbitrage strategies generally involve spreads between two or more positions. To the extent the price relationships between such positions remain constant, no gain or loss on the position will occur. Such positions do, however, entail a substantial risk that the price differential could change unfavorably, causing a loss to the spread position. The success of Tenor Opportunity Master Fund, Ltd.'s convertible arbitrage strategy depends upon the Tenor Advisors' ability to identify convertible securities that appear incorrectly valued relative to their theoretical value, purchase (or sell short) such a convertible security and sell short (or purchase) the underlying security for which the convertible security can be exchanged to exploit price differentials. There can be no assurance that the Tenor Advisors will be able to identify convertible arbitrage opportunities or that changes in price differentials will not cause losses.

Substantial risks also are involved in borrowing and lending against such investments. The prices of these investments can be volatile, market movements are difficult to predict, and financing sources and related interest and exchange rates are subject to rapid change. Certain corporate securities may be subordinated (and thus exposed to the first level of default risk) or otherwise subject to substantial credit risks.

Capital Structure Arbitrage. The success of Tenor Opportunity Master Fund, Ltd.'s capital structure arbitrage strategy depends upon the Tenor Advisors' ability to identify and exploit the relationships between movements in different securities within an issuer's capital structure (including, bank debt, convertible and non-convertible senior and subordinated debt and preferred and common stock). Identification and exploitation of these opportunities involve uncertainty. There can be no assurance that the Tenor Advisors will be able to locate investment opportunities or to correctly exploit price discrepancies. A reduction in the pricing inefficiency of the markets in which Tenor Opportunity Master Fund, Ltd. will seek to invest will reduce the scope for Tenor Opportunity Master Fund, Ltd.'s investment strategies. In the event that the perceived mispricings underlying Tenor Opportunity Master Fund, Ltd.'s positions fail to materialize, these investment strategies could be unsuccessful or result in losses.

Event-Driven. The success of Tenor Opportunity Master Fund, Ltd.'s event-driven investment strategy depends upon the Tenor Advisors' ability to make predictions about (i) the likelihood that an event will occur and (ii) the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies or completion of asset dispositions or debt reduction programs by a company may not be valued as highly by the market as the Tenor Advisors had anticipated, resulting in losses. In addition, a company may announce a plan of restructuring which promises to

enhance value, but fail to implement it, which can result in losses to investors. In liquidations and other forms of corporate reorganization, the risk exists that the reorganization either will be unsuccessful, will be delayed or will result in a distribution of cash or a new security, the value of which will be less than the purchase price to Tenor Opportunity Master Fund, Ltd. of the security in respect of which such distribution was made. The consummation of mergers and tender and exchange offers can be prevented or delayed by a variety of factors, including: (i) opposition of the management or stockholders of the target company, which will often result in litigation to enjoin the proposed transaction; (ii) intervention of a U.S. federal or state regulatory agency; (iii) efforts by the target company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company other than the offeror; (iv) in the case of a merger, failure to obtain the necessary stockholder approvals; (v) market conditions resulting in material changes in securities prices; (vi) compliance with any applicable U.S. federal or state securities laws; and (vii) inability to obtain adequate financing. Because of the inherently speculative nature of event-driven investing, the results of Tenor Opportunity Master Fund, Ltd.'s operations may be expected to fluctuate from period to period. Accordingly, investors should understand that the results of a particular period will not necessarily be indicative of results that may be expected in future periods.

Relative Value. The success of Tenor Opportunity Master Fund, Ltd.'s relative value investment strategy depends upon the Tenor Advisors' ability to identify and exploit perceived inefficiencies in the pricing of financial instruments, financial products, or markets. Identification and exploitation of such inefficiencies involve uncertainty. There can be no assurance that the Tenor Advisors will be able to locate investment opportunities or to exploit pricing inefficiencies in the securities markets. Mispricings, even if correctly identified, may not be corrected by the market, at least within a timeframe over which it is feasible for the Tenor Advisors to maintain a position. Even pure arbitrage positions can result in significant losses if the Tenor Advisors are not able to maintain both sides of the position until expiration/maturity. A reduction in the pricing inefficiency of the markets in which the Tenor Advisors seek to invest will reduce the scope for Tenor Opportunity Master Fund, Ltd.'s investment strategies. In the event that the perceived mispricings underlying Tenor Opportunity Master Fund, Ltd.'s positions were to fail to converge toward, or were to diverge further from, relationships expected by the Tenor Advisors, Tenor Opportunity Master Fund, Ltd. may incur losses. Even if Tenor Opportunity Master Fund, Ltd.'s relative value investment strategy is successful, it may result in high portfolio turnover and, consequently, high transaction costs.

Investments in Debt Securities. The Tenor Opportunity Master Fund, Ltd. may invest in U.S. and non-U.S. issuers of debt securities and instruments some of which may have speculative characteristics. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. In addition, a major economic recession could severely disrupt the market for most of these securities and may have an adverse impact on the value of such instruments. It is also likely that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions.

Lending of Portfolio Securities. The Tenor Opportunity Master Fund, Ltd. may lend securities on a collateralized and an uncollateralized basis from its portfolio to creditworthy securities firms and

financial institutions. While a securities loan is outstanding, Tenor Opportunity Master Fund, Ltd. will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

Lack of Control. The Tenor Opportunity Master Fund, Ltd. may invest in debt instruments and equity securities of companies that it does not control, which Tenor Opportunity Master Fund, Ltd. may acquire through market transactions or through purchases of securities directly from the issuer or other shareholders. Such financial instruments will be subject to the risk that the issuer may make business, financial or management decisions with which Tenor Opportunity Master Fund, Ltd. does not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve Tenor Opportunity Master Fund, Ltd.'s interests. In addition, Tenor Opportunity Master Fund, Ltd. may share control over certain investments with co-investors, which may make it more difficult for Tenor Opportunity Master Fund, Ltd. to implement its investment approach or exit the investment when it otherwise would. The occurrence of any of the foregoing could have a material adverse effect on the Tenor Opportunity Funds and the investors' investments therein.

Short-term Market Considerations. The Tenor Advisors' trading decisions may be made on the basis of short-term market considerations. Therefore, the portfolio turnover rate could result in significant trading related expenses.

Diversification Policies. The Tenor Opportunity Master Fund, Ltd. does not have any formal guidelines for diversification and may concentrate investments in particular industries or companies. While the Tenor Advisors will generally seek portfolio diversification, the Tenor Opportunity Master Fund, Ltd. may incur substantial losses from single issuers or a group of issuers. The investment risk of a portfolio that is concentrated in particular industries or companies is greater than if the portfolio is invested in a more diversified manner among various industries or companies.

Leverage; Interest Rates; Margin. The Tenor Opportunity Master Fund, Ltd. may utilize substantial leverage in its investment program, thereby maximizing its investment positions by borrowing funds to the fullest possible extent permitted by applicable regulations. As a result, the possibilities of profit and loss are increased. Borrowing money to take positions provides the Tenor Opportunity Master Fund, Ltd. with the advantages of leverage, but exposes it to greater market risks and higher current expenses. Any gain in the value of positions taken with borrowed money or income earned from these positions that exceeds interest paid on the amount borrowed would cause the Tenor Opportunity Funds' net asset value to increase faster than would otherwise be the case. Conversely, any decline in the value of the positions taken would cause the Tenor Opportunity Funds' net asset value to decrease faster than would otherwise be the case.

Leverage may take the form of trading on margin, investing in derivative instruments that are inherently leveraged, and entering into other forms of direct or indirect borrowings. The amount of leverage or borrowings which the Tenor Opportunity Master Fund, Ltd. may have outstanding at any time may therefore be large in relation to its capital. Consequently, the level of interest rates

generally, and the rates at which the Tenor Opportunity Master Fund, Ltd. can borrow in particular, will affect the operating results of the Tenor Opportunity Funds.

In general, the Tenor Opportunity Master Fund, Ltd.'s use of short-term margin borrowings may result in certain additional risks to the Tenor Opportunity Funds. For example, should the securities pledged to brokers to secure the Tenor Opportunity Master Fund, Ltd.'s margin accounts decline in value, the Tenor Opportunity Master Fund, Ltd. could be subject to a "margin call", pursuant to which the Tenor Opportunity Master Fund, Ltd. must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden precipitous drop in the value of the Tenor Opportunity Master Fund, Ltd.'s assets, the Tenor Opportunity Master Fund, Ltd. might not be able to liquidate assets quickly enough to pay off its margin debt.

In the futures markets, margin deposits typically range between 1% and 15% of the value of the futures contracts purchased or sold. In the forward, equity, currency and certain other derivative markets, margin deposits may be even lower or may not be required at all. Such low margin deposits are indicative of the fact that any trading in these markets typically is accompanied by a high degree of leverage. Low margin deposits mean that a relatively small adverse price movement in a futures or forward contract may result in immediate and substantial losses to the investor. For example, if at the time of purchase 10% of the price of a futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract is then closed out, result in a total loss of the margin deposit before any deduction for the brokerage commission. Thus, like other leveraged investments, any purchase or sale of a futures, forward or other commodity contract may result in losses in excess of the amount invested.

When the Tenor Opportunity Master Fund, Ltd. purchases an option in the United States, there is no margin requirement because the option premium is paid for in full. The premiums for certain options traded on foreign exchanges may be paid for on margin. When the Tenor Opportunity Master Fund, Ltd. sells an option on a futures contract, it may be required to deposit margin in an amount that may be determined by the margin requirement established for the futures contract underlying the option and, in addition, an amount substantially equal to the current premium for the option. The margin requirements imposed on the writing of options, although adjusted to reflect the probability that out-of-the-money options will not be exercised, can in fact be higher than those imposed in dealing in the futures markets directly. Whether any margin deposit will be required for OTC options and other OTC instruments, such as equity or currency forwards, swaps and certain other derivative instruments, will depend on the credit determinations and specific agreements of the parties to the transaction, which are individually negotiated.

There is no restriction on the amount of leverage that the Tenor Opportunity Master Fund, Ltd. may utilize. The cumulative effect of the use of leverage with respect to any investment in a market that moves adversely to such investments could result in a substantial loss which would be greater than if the investments were not leveraged.

Short Selling. The success of the Tenor Opportunity Master Fund, Ltd.'s short selling investment strategy depends upon the Tenor Advisors' ability to identify and sell short financial instruments that are overvalued. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying financial instrument could theoretically increase without limit, thus increasing the cost

to the Tenor Opportunity Master Fund, Ltd. of buying those financial instruments to cover the short position. There can be no assurance that the Tenor Opportunity Master Fund, Ltd. will be able to maintain the ability to borrow financial instruments sold short. In such cases, the Tenor Opportunity Master Fund, Ltd. can be "bought in" (*i.e.*, forced to repurchase financial instruments in the open market to return to the lender). There also can be no assurance that the financial instruments necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing financial instruments to close out a short position can itself cause the price of the financial instruments to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the Tenor Opportunity Master Fund, Ltd. may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though the Tenor Opportunity Master Fund, Ltd. secures a "good borrow" of the financial instrument sold short at the time of execution, the lending institution may recall the lent financial instrument at any time, thereby forcing the Tenor Opportunity Master Fund, Ltd. to purchase the financial instrument at the then-prevailing market price, which may be higher than the price at which such financial instrument was originally sold short by the Tenor Opportunity Master Fund, Ltd.

Hedging Transactions. The Tenor Opportunity Master Fund, Ltd. may utilize a variety of financial instruments, such as derivatives, options, interest rate swaps, caps and floors, futures and forward contracts, both for investment purposes and for risk management purposes in order to (i) protect against possible changes in the market value of the Tenor Opportunity Master Fund, Ltd.'s investment portfolios resulting from fluctuations in the markets and changes in interest rates; (ii) protect the Tenor Opportunity Master Fund, Ltd.'s unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the Tenor Opportunity Master Fund, Ltd.'s portfolios; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the Tenor Opportunity Master Fund, Ltd.'s financial instruments; (vii) protect against any increase in the price of any financial instruments the Tenor Opportunity Master Fund, Ltd. anticipates purchasing at a later date; or (viii) act for any other reason that the Tenor Advisors deem appropriate. However, the Tenor Advisors are not obligated, and will not attempt to hedge all market or other risks inherent in the Tenor Opportunity Master Fund, Ltd.'s positions. Furthermore, if the Tenor Advisors do not anticipate the occurrence of a particular risk, it may not establish a hedge to protect against it. While the Tenor Opportunity Master Fund, Ltd. may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Tenor Opportunity Master Fund, Ltd. than if it had not engaged in any such hedging transaction. Moreover, it should be noted that the portfolio will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties).

Risk Factors Associated With Particular Types of Securities

Derivatives Instruments. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, credit risk, legal risk and operations risk. The regulatory and tax environment for derivative instruments in which the Tenor Opportunity

Master Fund, Ltd. may participate is evolving, and changes in the regulation or taxation of such instruments may have a material adverse effect on the Tenor Opportunity Master Fund, Ltd.

Regulation in the Derivatives Industry. There are many rules related to derivatives that may negatively impact the Tenor Opportunity Master Fund, Ltd., such as requirements related to recordkeeping, reporting, portfolio reconciliation, central clearing, minimum margin for uncleared over-the-counter ("OTC") instruments and mandatory trading on electronic facilities, and other transaction-level obligations. Parties that act as dealers in swaps are also subject to extensive business conduct standards, additional "know your counterparty" obligations, documentation standards and capital requirements. All of these requirements add costs to the legal, operational and compliance obligations of the Tenor Advisors and the Tenor Opportunity Master Fund, Ltd., and increase the amount of time that the Tenor Advisors spend on non-investment-related activities. Requirements such as these also raise the costs of entering into derivative transactions, and these increased costs will likely be passed on to the Tenor Opportunity Master Fund, Ltd. These rules are operationally and technologically burdensome for the Tenor Advisors and the Tenor Opportunity Master Fund, Ltd. These compliance obligations require employee training and use of technology, and there are operational risks borne by the Tenor Opportunity Master Fund, Ltd. in implementing procedures to comply with many of these additional obligations.

These regulations may also result in the Tenor Opportunity Master Fund, Ltd. forgoing the use of certain trading counterparties (such as broker-dealers and futures commission merchants ("FCMs")), as the use of other parties may be more efficient for the Tenor Opportunity Master Fund, Ltd. from a regulatory perspective. However, this could limit the Tenor Opportunity Master Fund, Ltd.'s trading activities, create losses, preclude the Tenor Opportunity Master Fund, Ltd. from engaging in certain transactions or prevent the Tenor Opportunity Master Fund, Ltd. from trading at optimal rates and terms.

Many of these requirements were implemented pursuant to the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), the EU Regulation on OTC Derivatives, Central Counterparties and Trade Repositories (known as the European Market Infrastructure Regulation, or "EMIR") and similar regulations globally. In the United States, the Dodd-Frank Act divides the regulatory responsibility for derivatives between the SEC and the CFTC, a distinction that does not exist in any other jurisdiction. The SEC has regulatory authority over "security-based swaps" and the CFTC has regulatory authority over "swaps". EMIR is being implemented in phases through the adoption of delegated acts by the European Commission. As a result of the SEC and CFTC bifurcation and the different pace at which the SEC, the CFTC, the European Commission and other international regulators have promulgated necessary regulations, different transactions are subject to different levels of regulation. Though many rules and regulations have been finalized, there are others, particularly SEC regulations with respect to security-based swaps and EMIR regulations, that are still in the proposal stage or are expected to be introduced in the future.

The following describes derivatives regulations that may have the most significant impact on the Tenor Opportunity Master Fund, Ltd.:

Reporting. Most swap transactions have become subject to anonymous "real time reporting" requirements, meaning that information relating to transactions entered into by the Tenor Opportunity Master Fund, Ltd. will become visible to the market in ways that may impair

the Tenor Opportunity Master Fund, Ltd.'s ability to enter into additional transactions at comparable prices or could enable competitors to "front run" or replicate the Tenor Opportunity Master Fund, Ltd.'s strategies.

Central Clearing. In order to mitigate counterparty risk and systemic risk in general, various U.S. and international regulatory initiatives are underway to require certain derivatives to be cleared through central clearinghouses. In the United States, clearing requirements have been implemented as part of the Dodd-Frank Act. The CFTC imposed its first clearing mandate on December 13, 2012 affecting certain interest rate and credit default swaps. The CFTC and the SEC may introduce clearing requirements for additional classes of derivatives in the future. EMIR also requires OTC derivatives contracts meeting specific criteria to be cleared through central counterparties.

While such clearing requirements may be beneficial for the Tenor Opportunity Master Fund, Ltd. in many respects (for instance, they may reduce the counterparty risk to the dealers to which the Tenor Opportunity Master Fund, Ltd. would be exposed under non-cleared derivatives), the Tenor Opportunity Master Fund, Ltd. could be exposed to new risks, such as the risk that an increasing percentage of derivatives will be required to be standardized and/or cleared through central clearinghouses, and, as a result, the Tenor Opportunity Master Fund, Ltd. may not be able to hedge its risks or express an investment view as well as it would have been able to had it used customizable derivatives available in the over-the-counter markets. The Tenor Opportunity Master Fund, Ltd. may have to split its derivatives portfolio between centrally cleared and over-the-counter derivatives, which may result in operational inefficiencies and an inability to offset risk between centrally cleared and over-the-counter positions, and which could lead to increased costs.

Another risk is that the Tenor Opportunity Master Fund, Ltd. may be subject to more onerous and more frequent (daily or even intraday) margin calls from both the Tenor Opportunity Master Fund, Ltd.'s FCM and the clearinghouse. Virtually all margin models utilized by the clearinghouses are dynamic, meaning that unlike traditional bilateral swap contracts where the amount of initial margin posted on the contract is typically static throughout the life of the contract, the amount of the initial margin that is required to be posted in respect of a cleared contract will fluctuate, sometimes significantly, throughout the life of the contract. The dynamic nature of the margin models utilized by the clearinghouses and the fact that the margin models might be changed at any time may subject the Tenor Opportunity Master Fund, Ltd. to an unexpected increase in collateral obligations by clearinghouses during a volatile market environment, which could have a detrimental effect on the Tenor Opportunity Master Fund, Ltd. Clearinghouses also limit collateral that they will accept to cash, U.S. treasuries and, in some cases, other highly rated sovereign and private debt instruments, which may require the Tenor Opportunity Master Fund, Ltd. to borrow eligible securities from a dealer to meet margin calls and raise the costs of cleared trades to the Tenor Opportunity Master Fund, Ltd. In addition, clearinghouses may not allow the Tenor Opportunity Master Fund, Ltd. to portfolio-margin its positions, which may increase the Tenor Opportunity Master Fund, Ltd.'s costs.

Although standardized clearing for derivatives is intended to reduce counterparty risk (for instance, it may reduce the counterparty risk to the dealers to which the Tenor Opportunity

Master Fund, Ltd. would have been exposed under OTC derivatives), it does not eliminate risk. Derivatives clearing may also lead to concentration of counterparty risk, namely in the clearinghouse and the Tenor Opportunity Master Fund, Ltd.'s FCM, subjecting the Tenor Opportunity Master Fund, Ltd. to the risk that the assets of the FCM are insufficient to satisfy all of the FCM's payment obligations, leading to a payment default. The failure of a clearinghouse or FCM could have a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force significant capital calls on FCMs during a financial crisis, which could lead FCMs to default and thus worsen the crisis.

Swap Execution Facilities. In addition to the central clearing requirement, certain swap transactions are required to trade on regulated electronic platforms such as swap execution facilities ("SEFs"), which require the Tenor Opportunity Master Fund, Ltd. to subject itself to regulation by these venues and subject the Tenor Opportunity Master Fund, Ltd. to the jurisdiction of the CFTC. The EU regulatory framework governing derivatives is set not only by EMIR but also a legislative package known as a recast of the Markets in Financial Instruments Directive ("MiFID II"). Among other things, MiFID II requires transactions in derivatives to be executed on regulated trading venues. It is not clear whether these trading venues will benefit or impede liquidity, or how they will fare in times of market stress. Trading on these trading venues may increase the pricing discrepancy between assets and their hedges as products may not be able to be executed simultaneously, therefore increasing basis risk. It may also become relatively expensive for the Tenor Opportunity Master Fund, Ltd. to obtain tailored swap products to hedge particular risks in its portfolio due to higher collateral requirements on bilateral transactions as a result of these regulations.

Margin Requirements for Non-Cleared Swaps. Rules issued by U.S., EU and other regulators globally (the "Margin Rules") impose various margin requirements on all swaps that are not centrally cleared, including the establishment of minimum amounts of initial margin that must be posted, and, in some cases, the mandatory segregation of initial margin with a third-party custodian. Although the Margin Rules are intended to increase the stability of the derivatives market, the overall amount of margin that the Tenor Opportunity Master Fund, Ltd. will be required to post to swap counterparties may increase by a material amount, and as a result the Tenor Opportunity Master Fund, Ltd. may not be able to deploy capital as effectively. Additionally, to the extent the Tenor Opportunity Master Fund, Ltd. is required to segregate initial margin with a third party custodian, additional costs will be incurred by the Tenor Opportunity Master Fund, Ltd.

Call and Put Options. The Tenor Opportunity Master Fund, Ltd. may incur risks associated with the sale and purchase of call options and put options. Under a conventional cash-settled option, the purchaser of the option pays a premium in exchange for the right to receive upon exercise of the option (i) in the case of a call option, the excess, if any, of the reference price or value of the underlier (as determined pursuant to the terms of the option) above the option's strike price or (ii) in the case of a put option, the excess, if any, of the option's strike price above the reference price or value of the underlier (as so determined). Under a conventional physically-settled option structure, the purchaser of a call option has the right to purchase a specified quantity of the underlier at the strike price, and the purchaser of a put option has the right to sell a specified quantity of the underlier at the strike price.

A purchaser of an option may suffer a total loss of premium (plus transaction costs) if that option expires without being exercised. An option's time value (i.e., the component of the option's value that exceeds the in-the-money amount) tends to diminish over time. Even though an option may be in-the-money to the purchaser at various times prior to its expiration date, the purchaser's ability to realize the value of an option depends on when and how the option may be exercised. For example, the terms of the transaction may provide for the option to be exercised automatically if it is in-the-money on the expiration date. Conversely, the terms may require timely delivery of a notice of exercise, and exercise may be subject to other conditions (such as the occurrence or non-occurrence of certain events, such as knock-in, knock-out or other barrier events) and timing requirements, including the "style" of the option.

Uncovered option writing (i.e., selling an option when the seller does not own a like quantity of an offsetting position in the underlier) exposes the seller to potentially significant loss. The potential loss of uncovered call writing is unlimited. The seller of an uncovered call may incur large losses if the reference price or value of the underlier increases above the exercise price by more than the amount of any premiums earned. As with writing uncovered calls, the risk of writing uncovered put options is substantial. The seller of an uncovered put option bears a risk of loss if the reference price or value of the underlier declines below the exercise price by more than the amount of any premiums earned. Such loss could be substantial if there is a significant decline in the value of the underlier.

Stock Index Options. The Tenor Opportunity Master Fund, Ltd. may also purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market. A stock index fluctuates with changes in the market values of the stocks included in the index. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether the Tenor Opportunity Master Fund, Ltd. will realize gains or losses from the purchase or writing of options on indices depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by the Tenor Opportunity Master Fund, Ltd. of options on stock indices will be subject to the Tenor Advisors' ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments. This requires different skills and techniques than predicting changes in the price of individual stocks.

Highly Volatile Markets. The prices of derivative instruments, including futures and options, can be highly volatile. Price movements of forward, futures and other derivative contracts in which the Tenor Opportunity Master Fund, Ltd.'s assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Tenor Opportunity Master Fund, Ltd. also is subject to the risk of the failure of any exchanges on which its positions trade or of their clearinghouses.

Commodity Futures Contracts. Trading in commodity interests may involve substantial risks. The low margin or premiums normally required in such trading may provide a large amount of leverage,

and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for commodity futures contracts or options purchased or sold, and the Tenor Opportunity Master Fund, Ltd. may be required to maintain a position until exercise or expiration, which could result in losses.

Futures positions may be illiquid because, for example, most U.S. commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices on various commodities or financial instruments occasionally have moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Tenor Opportunity Master Fund, Ltd. from promptly liquidating unfavorable positions and subject the Tenor Opportunity Master Fund, Ltd. to substantial losses. In addition, the Tenor Opportunity Master Fund, Ltd. may not be able to execute futures contract trades at favorable prices if trading volume in such contracts is low. It is also possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that may be held in particular commodities. Trading in commodity futures contracts and options are highly specialized activities that may entail greater than ordinary investment or trading risks.

The price of stock index futures contracts may not correlate perfectly with the movement in the underlying stock index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, investors may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Secondly, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause temporary price distortions. Successful use of stock index futures contracts by the Tenor Opportunity Master Fund, Ltd. also is subject to the Tenor Advisors' ability to correctly predict movements in the direction of the market.

Swap Agreements. The Tenor Opportunity Master Fund, Ltd. may enter into swap agreements. Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. The Tenor Opportunity Master Fund, Ltd., for instance, may enter into swap agreements with respect to interest rates, credit defaults, currencies, securities, indexes of securities and other assets or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease the Tenor Opportunity Master Fund, Ltd.'s exposure to equity securities, long-term or short-term interest rates, foreign currency values, corporate borrowing rates or other factors. Swap agreements can take many different forms and are known by a variety of names. The Tenor Opportunity Master Fund, Ltd. is not limited to any particular form of swap agreement if consistent with the Tenor Opportunity Master Fund, Ltd.'s investment objective and policies.

Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Tenor Opportunity Master Fund, Ltd.'s portfolio. The most significant factor in the

performance of swap agreements is the change in the individual equity values, specific interest rate, currency or other factors that determine the amounts of payments due to and from the Tenor Opportunity Master Fund, Ltd. If a swap agreement calls for payments by the Tenor Opportunity Master Fund, Ltd., the Tenor Opportunity Master Fund, Ltd. must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Tenor Opportunity Master Fund, Ltd. Whether the Tenor Opportunity Master Fund, Ltd.'s use of swap agreements will be successful will depend on the Tenor Advisors' ability to select appropriate transactions for the Tenor Opportunity Master Fund, Ltd.

Other Derivative Instruments. The Tenor Opportunity Master Fund, Ltd. may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Tenor Opportunity Funds and legally permissible. Special risks may apply to instruments that are invested in by the Tenor Opportunity Master Fund, Ltd. in the future that cannot be determined at this time or until such instruments are developed or invested in by the Tenor Opportunity Master Fund, Ltd. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operations risk. Derivatives traded over-the-counter may not have an authoritative source of valuation and the models used to value such derivatives is subject to change.

Non-U.S. Investments. It is expected that the Tenor Opportunity Master Fund, Ltd. will invest in financial instruments of non-U.S. companies and countries and in non-U.S. currencies. Investing in the financial instruments of such companies and countries involves certain considerations not usually associated with investing in financial instruments of U.S. companies or the U.S. Government, including political and economic considerations, such as greater risks of expropriation and nationalization, confiscatory taxation, the potential difficulty of repatriating funds, general social, political and economic instability and adverse diplomatic developments; the possibility of imposition of withholding or other taxes on dividends, interest, capital gain, gross sale or disposition proceeds or other income; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; and certain government policies that may restrict the Tenor Opportunity Master Fund, Ltd.'s investment opportunities. In addition, accounting and financial reporting standards that prevail in foreign countries generally are not equivalent to United States standards and, consequently, less information is available to investors in companies located in such countries than is available to investors in companies located in the United States. Moreover, an issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other. The economies of certain non-U.S. countries may be based, predominantly, on only a few industries and may be vulnerable to changes in trade conditions and may have higher overall levels of debt or inflation than is present in the United States. There is also less regulation, generally, of the securities markets in foreign countries than there is in the United States. These factors may affect the level and volatility of securities prices and the liquidity of the Tenor Opportunity Master Fund, Ltd.'s investments. Unexpected

volatility or illiquidity could impair the Tenor Opportunity Master Fund, Ltd.'s profitability or result in losses.

Currencies. The Tenor Opportunity Master Fund, Ltd. may invest a portion of its assets in non-U.S. currencies, or in instruments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. The Tenor Opportunity Master Fund, Ltd., however, values its financial instruments and other assets in U.S. dollars. There can be no guarantee that financial instruments suitable for hedging currency or market shifts will be available at the time when the Tenor Opportunity Master Fund, Ltd. wishes to use them, or that hedging techniques employed by the Tenor Opportunity Master Fund, Ltd. will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. The Tenor Opportunity Master Fund, Ltd. may or may not seek to hedge all or any portion of its foreign currency exposure. To the extent the Tenor Opportunity Master Fund, Ltd.'s investments are not hedged, the value of the Tenor Opportunity Master Fund, Ltd.'s non-U.S. assets will fluctuate with U.S. dollar exchange rates as well as the price changes of the Tenor Opportunity Master Fund, Ltd.'s investments in the various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Tenor Opportunity Master Fund, Ltd. makes its investments will reduce the effect of increases and magnify the effect of decreases in the value of the Tenor Opportunity Master Fund, Ltd.'s positions in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the Tenor Opportunity Master Fund, Ltd.'s non-U.S. dollar financial instruments. The Tenor Opportunity Master Fund, Ltd. also may utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective, and such techniques entail additional risks.

Forward Contracts. The Tenor Opportunity Master Fund, Ltd. may enter into forward contracts which are not traded on exchanges and are generally not regulated. There are no limitations on daily price moves of forward contracts. Banks and other dealers with whom the Tenor Opportunity Master Fund, Ltd. may maintain accounts may require the Tenor Opportunity Master Fund, Ltd. to deposit margin with respect to such trading, although margin requirements are often minimal or non-existent. The Tenor Opportunity Master Fund, Ltd.'s counterparties are not required to continue to make markets in such contracts. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which would otherwise be optimal, to the possible detriment of the Tenor Opportunity Master Fund, Ltd.

Discontinuation of Libor

It is expected that the London Interbank Offered Rate ("LIBOR"), which is commonly used as a reference rate within various financial contracts (any such rate, a "Reference Rate"), will not be published after the year 2021. In anticipation of the end of LIBOR, the United States and other countries are currently working to replace LIBOR with alternative Reference Rates. As a general matter, the expected discontinuation of LIBOR may significantly impact financial markets;

specifically, discontinuation may impact financial contracts or other agreements to which clients are a party. 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 clients and their counterparties. With respect to financial contracts or other agreements to which clients are a party, corporate 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 Investment Adviser and its clients and may result in disputes among counterparties, the result of which may be adverse to client portfolios. Considered in their entirety, the impacts of the discontinuation of LIBOR on financial markets generally and on the specific financial contracts or other agreements to which clients are a party may adversely affect the performance of client portfolios.

Risk Factors of the Tenor Legacy Funds

As described above, the Tenor Legacy Funds only hold certain "legacy" investments (including illiquid investments) and do not currently make new investments other than adding to existing positions. The Tenor Legacy Funds previously had similar risk factors to the Tenor Opportunity Funds. In addition, the following risk factor relates to the Tenor Legacy Funds' illiquid investment(s):

Illiquidity. The investment is illiquid and long term and will not provide current income. The shares are non-redeemable and will be liquidated only upon the occurrence of a "liquidity event" or upon a compulsory redemption.

Risk Factors of the TICAF Funds

Risk Factors Relating to Investment Strategies

Valuation of Assets and Liabilities. The TICAF Funds' assets and liabilities are valued in accordance with the Tenor Advisors' valuation policy (the "Valuation Policy"). The TICAF Funds expect that virtually all of their investments will be Level III assets. The valuation of any asset or liability involves inherent uncertainty. The value of a security determined in accordance with the Valuation Policy may differ materially from the value that could have been realized in an actual sale or transfer for a variety of reasons, including the timing of the transaction and liquidity in the market. Uncertainties as to the valuation of portfolio positions could have an impact on the net asset value of the TICAF Funds if the judgments of the Tenor Advisors regarding the appropriate valuation should prove to be incorrect.

Competition; Availability of investments. Certain markets in which the TICAF Funds may invest are extremely competitive for attractive investment opportunities. As a result, there can be no assurance

that the Tenor Advisors will be able to identify or successfully pursue attractive investment opportunities in such environments.

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

Risk of Loss. No guarantee or representation is made that the TICAF Funds' investment program, including, without limitation, the TICAF Funds' investment objective, diversification strategies or risk monitoring goals, will be successful. Investment results may vary substantially over time. *No assurance can be made that profits will be achieved or that substantial or complete losses will not be incurred. Past investment results of the Tenor Advisors (or investments otherwise made by the investment professionals of the Tenor Advisors) are not necessarily indicative of their future performance.*

Ethics and Legal Restrictions. Laws and professional regulations (including ethics regulations) in the litigation funding environment (including arbitration funding) can be complex and uncertain. Various jurisdictions prohibit or restrict the assignment of certain claims and/or participating in a lawyer's contingent fee interests (including ethical rules against sharing fees with lawyers and non-lawyers). Prohibitions against maintenance, champerty and barratry exist in several states. Such prohibitions and restrictions are governed by the rules and regulations of each state and jurisdiction in the United States and vary in degree of strength and enforcement.

Some jurisdictions in the United States and other jurisdictions may not permit the TICAF Funds to make investments in or engage in other business and financial transactions relating to certain litigation and arbitration cases. The law and regulations in such jurisdictions may be uncertain, and accordingly, the TICAF Funds may not have the ability or the desire to make such investments in these jurisdictions, thereby limiting the size of the potential market. There is also the risk that the TICAF Funds may make an investment despite the uncertainty around a certain jurisdiction, leading to the risk that such investment agreement may not be enforced.

Where a litigation funding arrangement is challenged under legal and ethical rules, and an award is rendered in favor of the TICAF Funds, the courts of any jurisdiction in which enforcement of that award is attempted may decline to enforce it for similar reasons. If a court were to refuse to enforce such an award, the TICAF Funds may not be able to recover their investment or may incur unanticipated costs in recovering its investment and a share of returns from the claim.

The TICAF Funds intend to assess the foregoing legal and ethical issues as appropriate on an ongoing basis. However, in many jurisdictions, the relevant issues may not have been considered by the courts or addressed by statute, so obtaining clear opinions or legal advice may be

difficult. Thus, the TICAF Funds' investments could be open to challenge or subsequent reduction in value.

Changes in laws, regulations, or ethical rules in certain jurisdictions could further reduce or limit investment opportunities for the TICAF Funds or could reduce the value of the TICAF Funds' preexisting investments in such jurisdictions.

The Outcome of Claims is Uncertain. The outcome of claims entails a large degree of uncertainty, including the legal liability of the defendant, the amount of damages assessed by the trier of fact, the ability of the defendant and the defendant's insurance company to pay a settlement or judgment, the abilities of the plaintiff's counsel, the assessment of fault and causation, the legal nature of the claim and the amount of monetary damages ultimately awarded. It is also possible that a claimant may abandon or otherwise compromise its claims. Such an event may prevent the TICAF Funds from realizing expected returns or cause the TICAF Funds to sustain a complete loss. The uncertainties of litigation and arbitration may result in a judgment for amounts less than anticipated, a settlement for amounts lower than predicted, or failure to reach a settlement. Such unfavorable outcomes could reduce the profitability of the TICAF Funds' investments and ultimately cause losses.

Evaluation and Disclosure of Cases and Case Performance. Details of cases that the TICAF Funds have pursued or are pursuing or intends to pursue, cannot and will not be disclosed on a named or detailed basis to investors because of confidentiality and other restrictions. To this extent, investors will not have an opportunity to evaluate the claims themselves and will be dependent upon the judgment and ability of the Tenor Advisors to assess and manage the assets of the TICAF Funds.

Collection Risks; Uncertainty of Timing. Part of the case selection process for investment involves assessing the ability of the defendant to pay a judgment or award if the case is successful. If the defendant is unable to pay or seeks to challenge the validity of the judgment or award, the TICAF Funds may encounter difficulties in recovery. Additionally, the nature of litigation and arbitration recoveries, including the timing and amounts recovered, are outside of the control of TICAF, TICAF II and the Tenor Advisors. Once the investment is made, there is no assurance as to collection times, and there is no guarantee that the Tenor Advisors will be able to predict the timing of payment with enough accuracy to achieve the anticipated profitability and rate of return in any given period.

Retaliation Risks. There are retaliation risks associated with investing in international and commercial arbitrations and commercial litigation. It is possible that one or more of the parties to an arbitration or a litigation (whether a private party or a sovereign government) may threaten regulatory action or litigation and/or institute regulatory actions or lawsuits against TICAF, TICAF II, the Tenor Advisors and/or their employees or members in an attempt to undermine the TICAF Funds' investments or prospective investments. The law and regulations in non-U.S. jurisdictions vary and what would be considered a retaliatory or frivolous action or lawsuit in the United States may be permissible in a non-U.S. jurisdiction. The expense of defending against any such action or litigation as well as any settlements or judgments in connection therewith will generally be borne by the TICAF Funds. There can be no assurances that any such action or litigation, once begun, would be resolved in favor of the TICAF Funds, the Tenor Advisors and/or their employees or members and an unfavorable outcome could reduce the profitability of the TICAF Funds and may ultimately cause losses.

Legal Professional Duties. Where the TICAF Funds participate in a claim but do not wholly own or control it, which will usually be the case, the TICAF Funds will not be the client of the law firm representing the owner of the claim. Accordingly, that law firm will be required to act pursuant to its client's wishes rather than those of the TICAF Funds or may be subject to an overriding duty to the courts.

Arbitration Risks. There are risks associated with investing in claims being adjudicated by means of arbitration rather than through judicial proceedings, including but not limited to those set forth in this paragraph. Although arbitration can reduce costs and the time required for dispute resolution, there is no assurance that it will do so. In addition, while some arbitration mechanisms permit selection of persons highly qualified to resolve the dispute presented, arbitrators are not judges, and they are not vetted by the judicial appointment process. Moreover, the extent to which discovery is permitted, and adherence to the rules of evidence as well as other procedural safeguards is required, is generally significantly less in an arbitration context. Arbitrators also often are not constrained to articulate the rationales for their decisions, which reduces the degree of predictability in the result. That is also the case because the grounds for reviewing arbitration decisions on appeal are generally extremely limited, making the arbitrator(s) determination essentially the final one.

Borrower Risks. The TICAF Funds may provide funding for disputes, for example disputes related to equipment malfunction or construction failures and investments in class action law firms or baskets of class-action litigations. No assurance can be provided that the principal amount of any such loans will be repaid or that the collateral will be sufficient to support the loan. The value of a dispute is difficult to predict, for reasons including the reasons set forth in the preceding risk factors regarding litigation and arbitration claims. A law firm may be unable to repay a loan as a result of multiple reasons, including without limitation, the departure of income-generating partners or associates, the collapse of the firm, or the failure to earn sufficient legal fees in connection with litigation to repay its obligations to the TICAF Funds.

Currency Exchange Exposure. Certain of the TICAF Funds' investments may be denominated in currencies other than the U.S. Dollar. The TICAF Funds, however, value their investments in U.S. Dollars. The TICAF Funds may or may not seek to hedge its non-U.S. currency exposure by entering into currency hedging transactions. There can be no guarantee that financial instruments suitable for hedging currency or market shifts will be available at the time when the TICAF Funds wish to use them, or that hedging techniques employed by the TICAF Funds will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all. To the extent unhedged, the value of the TICAF Funds' positions denominated in currencies other than the U.S. Dollar will fluctuate with U.S. Dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies.

Credit/Counterparty Exposure. On becoming contractually entitled to proceeds, depending on the structure of the particular investment, the TICAF Funds may become creditors of, and subject to credit risk from, a claimant, a defendant, both or other parties. Moreover, the TICAF Funds may be indirectly subject to credit risk to the extent a defendant does not pay a claimant immediately notwithstanding successful adjudication of a claim in the claimant's favor.

Hedging Transactions. The TICAF Funds may utilize financial instruments such as derivatives for risk management purposes in order to: (i) protect against possible changes in the market value of

the TICAF Funds' investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) facilitate the sale of any investments; (iii) enhance or preserve returns, spreads or gains on any investment of the TICAF Funds; (iv) hedge the interest rate, credit or currency exchange rate on any of the TICAF Funds' investment; (v) protect against any increase in the price of any investment the TICAF Funds anticipate making at a later date; or (vi) act for any other reason that the Tenor Advisors deem appropriate. The TICAF Funds will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. The Tenor Advisors may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While the TICAF Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the TICAF Funds than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

Servicing Risks. The award collections that may secure a TICAF Fund investment are specialized assets that require significant work to collect. There can be no assurance that the TICAF Funds will be able to successfully collect and service the collection process. A failure to collect an award may have a material adverse effect on the TICAF Funds.

Concentration Risk. The TICAF Funds expect to make a limited number of investments, resulting in the risk that the aggregate returns realized by the investors may be substantially adversely affected by the unfavorable performance of, or a default in respect of, even one of such investments.

Risk Factors Associated With Particular Types of Securities

Derivative Instruments Generally. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, credit risk, legal risk and operations risk. The regulatory and tax environment for derivative instruments in which the TICAF Funds may participate is evolving, and changes in the regulation or taxation of such financial instruments may have a material adverse effect on the TICAF Funds.

Derivatives Regulation. Since the introduction of the Dodd-Frank Act in 2010, the CFTC has promulgated many final rules related to derivatives and such regulations may negatively affect the TICAF Funds. Parties that act as dealers in swaps, for example are subject to extensive business conduct standards, additional "know your counterparty" obligations, recordkeeping, reporting, portfolio reconciliation, documentation standards and capital requirements and, when regulations are finalized, will become subject to margin requirements. Similar rules related to security-based swaps will soon be implemented. Requirements such as these will raise the costs of entering into derivative transactions, and these increased costs will likely be passed on to the TICAF Funds. The new rules also add additional operational and technological burdens on the TICAF Funds. To the extent swaps are utilized, the TICAF Funds must engage in portfolio reconciliation, recordkeeping, reporting and other transaction level obligations, which increase the compliance burdens and costs to the TICAF Funds. These compliance obligations require certain training of employees and technology, and there are operational risks as the TICAF Funds implement procedures to comply with many of these additional obligations. Certain swap transactions have become (or will become) subject to anonymous "real time reporting", meaning that transactions entered into by the TICAF Funds will become visible to the market in ways that may harm the TICAF Funds' ability to enter

into additional transactions at comparable prices or could enable competitors to "front run" or replicate the TICAF Funds' strategies. In addition, certain swap transactions have become (or will become) subject to mandatory trading on regulated trading venues such as swap execution facilities ("SEFs"), which will require the TICAF Funds to subject themselves to regulation by these venues and subject the TICAF Funds to the jurisdiction of the CFTC. It is not clear whether these trading venues will benefit or impede liquidity, or how they will fare in times of market stress. Trading on these trading venues may increase the pricing discrepancy between assets and their hedges as products may not be able to be executed simultaneously, therefore increasing basis risk. It may also become relatively expensive for the TICAF Funds to obtain tailored swap products to hedge particular risks in its portfolio due to higher collateral requirements on bilateral transactions as a result of the new regulations. The SEC still is at a nascent stage for implementing rules related to security-based swaps. It is possible that security-based swaps will be subject to different rules and regulations than swaps. Since the division of "swaps" (regulated by the CFTC) and "security-based swaps" (regulated by the SEC) is a regulatory distinction rather than a product distinction, substantively similar products may have significantly different regulatory treatment. This may mean that the operational complexities of trading various derivative instruments is increased. Overall, new regulations may also render certain strategies in which the TICAF Funds might otherwise engage impossible or so costly that they will no longer be economical to implement. The impact of the Dodd-Frank Act or comparable regulations in other jurisdictions on the TICAF Funds is uncertain, and it is unclear how the over-the-counter derivatives markets will adapt to this new regulatory regime or any additional regulation in the future.

Call Options. The seller (writer) of a call option which is covered (i.e., the writer holds the underlying financial instrument) assumes the risk of a decline in the market price of the underlying financial instrument below the purchase price of the underlying financial instrument less the premium received, and gives up the opportunity for gain on the underlying financial instrument above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying financial instrument above the exercise price of the option. The financial instruments necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing financial instruments to cover the exercise of an uncovered call option can cause the price of the financial instruments to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option.

Put Options. The seller (writer) of a put option which is covered (i.e., the writer has a short position in the underlying financial instrument) assumes the risk of an increase in the market price of the underlying financial instrument above the sales price (in establishing the short position) of the underlying financial instrument plus the premium received, and gives up the opportunity for gain on the underlying financial instrument if the market price falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying financial instrument below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option.

Index or Index Options. The value of an index or index option fluctuates with changes in the market values of the assets included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular asset, whether the

TICAF Funds will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the assets generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular assets.

Index Futures. The price of index futures contracts may not correlate perfectly with the movement in the underlying index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, participants may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Second, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause price distortions. Successful use of index futures contracts by the TICAF Funds also is subject to the Tenor Advisors' ability to correctly predict movements in the direction of the market.

Credit Default Swaps. Credit default swaps can be used to implement the Tenor Advisors' view that a particular credit, or group of credits, will experience credit improvement or deterioration. In the case of expected credit improvement, the TICAF Funds may sell credit default protection in which it receives a premium to take on the risk. In such an instance, the obligation of the TICAF Funds to make payments upon the occurrence of a credit event creates leveraged exposure to the credit risk of the referenced entity. The TICAF Funds may also buy credit default protection with respect to a referenced entity if, in the Tenor Advisors' judgment, there is a high likelihood of credit deterioration. In such instance, the TICAF Funds will pay a premium regardless of whether there is a credit event.

Futures Contracts. The value of futures contracts depends upon the price of the financial instruments, such as commodities, underlying them. The prices of futures contracts are highly volatile, and price movements of futures contracts can be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, as well as national and international political and economic events and policies. In addition, investments in futures contracts are also subject to the risk of the failure of any of the exchanges on which the TICAF Funds' positions trade or of its clearing houses or counterparties. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a particular futures contract has increased or decreased by an amount equal to the daily limit, positions in that contract can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the TICAF Funds from promptly liquidating unfavorable positions and subject the TICAF Funds to substantial losses or prevent it from entering into desired trades. Also, low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. In extraordinary circumstances, a futures exchange or the CFTC could suspend trading in a particular futures contract, or order liquidation or settlement of all open positions in such contract.

Non-U.S. Futures Transactions. Foreign futures transactions involve executing and clearing trades on a foreign exchange. This is the case even if the foreign exchange is formally "linked" to a domestic exchange, whereby a trade executed on one exchange liquidates or establishes a position on the other exchange. No domestic organization regulates the activities of a foreign exchange, including the execution, delivery, and clearing of transactions on such an exchange, and no domestic regulator has the power to compel enforcement of the rules of the foreign exchange or the laws of the foreign country. Moreover, such laws or regulations will vary depending on the foreign country in which the transaction occurs. For these reasons, the TICAF Funds may not be afforded certain of the protections which apply to domestic transactions, including the right to use domestic alternative dispute resolution procedures. In particular, funds received from customers to margin foreign futures transactions may not be provided the same protections as funds received to margin futures transactions on domestic exchanges. In addition, the price of any foreign futures or option contract and, therefore, the potential profit and loss resulting therefrom, may be affected by any fluctuation in the foreign exchange rate between the time the order is placed and the time the foreign futures contract is liquidated or the time the foreign option contract is liquidated or exercised.

Forward Contracts. The TICAF Funds may enter into forward contracts and options thereon, including non-deliverable forwards, which are currently not traded through clearinghouses, although this is expected to change. The principals who deal in the forward contract market are not required to continue to make markets in such contracts. There have been periods during which certain participants in forward markets have refused to quote prices for forward contracts or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. The imposition of credit controls or price risk limitations by governmental authorities may limit such forward trading to less than that which the Tenor Advisors would otherwise recommend, to the possible detriment of the TICAF Funds. In its forward trading, the TICAF Funds will be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the principals with which the TICAF Funds trades. Fund assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on certain regulated brokers in respect of customer funds on deposit with them. The Tenor Advisors may order trades for the TICAF Funds in such markets through agents. Accordingly, the insolvency or bankruptcy of such parties could also subject the TICAF Funds to the risk of loss.

Failure to Enter into Offsetting Trade. To the extent the TICAF Funds invest in a futures contract or long option, unless an offsetting trade is made, the TICAF Funds would be required to take physical delivery of the commodity underlying the future or option. To the extent the Tenor Advisors fail to enter into such offsetting trade prior to the expiration of the contract, the TICAF Funds may suffer a loss since neither TICAF, TICAF II nor the Tenor Advisors has the operational capacity to accept physical delivery of commodities.

Exotic Options. Exotic options are typically, but not always, traded over-the-counter ("OTC"). OTC contracts may not trade in a liquid market and pricing may be opaque. The illiquidity of these markets can be exacerbated in times of market stress. The TICAF Funds may incur substantial costs entering into and exiting positions that could have a material impact on performance. Exotic options may be subject to a higher degree of pricing risk as demonstrated by instances in which different counterparties in the market employ different valuation and pricing methodologies to the same exotic option. Because exotic options can often be highly customised, there is lower visibility with

respect to the pricing and valuation of these instruments. Exotic options may be subject to high levels of price volatility. For example, in the case of barrier options, as the price of the asset underlying the option trades closer to a barrier level, the delta of the option (i.e., the ratio of the change in the price of the underlying asset to the corresponding change in the price of the option) and the gamma of the option (i.e., the rate of change of the delta with respect to the underlying asset's price) may become very high. Exotic options may be subject to higher levels of model risk than commonly traded options because standard models are not able to adequately capture or predict the risks associated with the exotic options. Exotic options may be "path dependent". This means that their terminal value (at exercise or expiration) depends upon the value of the underlying asset, not only at the time of exercise or expiration, but also at prior points in time. In this sense, the option's terminal value depends upon the "path" taken by the underlying asset over the life of the option. For example, a barrier option's value at expiration depends upon both the value of the underlying asset at expiration and whether the past value of the underlying asset ever satisfied a barrier condition. In contrast, a vanilla option (e.g., a call option) is not path dependent. Its value at exercise or expiration depends on the value of the underlying asset only at that point in time. The additional features incorporated by exotic options require additional judgments regarding the likelihood of certain conditions being satisfied, any one of which can result in loss if made incorrectly. An OTC option may be closed out only with the counterparty, although either party may engage in an offsetting transaction that puts that party in the same economic position as if it had closed out the option with the counterparty; however, the exposure to counterparty risk may differ. OTC options generally involve greater credit and counterparty risk than exchange-traded options.

Discontinuation of Libor

It is expected that the London Interbank Offered Rate ("LIBOR"), which is commonly used as a reference rate within various financial contracts (any such rate, a "Reference Rate"), will not be published after the year 2021. In anticipation of the end of LIBOR, the United States and other countries are currently working to replace LIBOR with alternative Reference Rates. As a general matter, the expected discontinuation of LIBOR may significantly impact financial markets; specifically, discontinuation may impact financial contracts or other agreements to which clients are a party. 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 clients and their counterparties. With respect to financial contracts or other agreements to which clients are a party, corporate 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 Investment Adviser and its clients and may result in disputes among counterparties, the result of which may be adverse to client portfolios. Considered in their entirety, the impacts of the discontinuation of LIBOR on financial markets generally and on the specific financial contracts or other agreements to which clients are a party may adversely affect the performance of client portfolios.

Item 9 – Disciplinary Information

The Tenor Advisors and their employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the advisory business or the integrity of the Tenor Advisors or their personnel.

Item 10 – Other Financial Industry Activities and Affiliations

Broker-Dealer Registration Status

The Tenor Advisors and their management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status

The Tenor Advisors and their management persons are not registered as, and do not have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

Material Conflicts of Interest Relating to Other Investment Advisers

We do not recommend or select other investment advisers for our clients.

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

Code of Ethics and Personal Trading

The Tenor Advisors may, from time to time, invest in securities or instruments in which the Tenor Advisors may also invest the Funds' assets. Similarly, the Tenor Advisors and their partners and employees may, from time to time, make personal investments in securities or instruments in which the Tenor Advisors may invest the Funds' assets. Tenor Advisors and their personnel may buy, sell, or hold securities or other instruments for its own or their own accounts while entering into different investment decisions for one or more of the Funds. In addition, Tenor Advisors and their personnel may invest in eligible Funds of its or their choosing and, in this regard, are not required to invest in all of the Funds. It is expected that, if such investments are made, the size and nature of these investments will change over time.

Tenor Advisors strive to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, Tenor Capital has adopted a Code of Ethics (the "Code") that applies to it and its personnel, as well as to Associates and Associates II and their respective personnel (if any). The Code incorporates the following general principles that all employees are expected to uphold:

- We must at all times act in a manner consistent with a relationship marked by trust, good faith and honesty, and seek to identify and mitigate conflicts of interest.
- All personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an Employee's position of trust and responsibility must be avoided.
- Employees must not take any inappropriate advantage of their positions at the Firm.
- Information concerning the identity of securities and financial circumstances of the Clients and their investors must be kept confidential.
- Independence in the investment decision-making process must be maintained at all times.

The Code also places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to the Tenor Advisors on a periodic basis, and requires that employees preclear certain types of personal securities transactions. Tenor also maintains a restricted list of securities in which employees and the Funds are not allowed to invest. *Investors may request a copy of the Code by contacting the Tenor Advisors at the address or telephone number listed on the first page of this document.*

The Tenor Advisors also maintain policies and procedures that are designed to prevent the misuse of material, non-public information (the "Insider Trading Policies"). Tenor Advisor's personnel are

required to certify to their compliance with the Code, including the Insider Trading Policies, on a periodic basis.

Restrictions Due to Insider Information

Tenor Advisor's Insider Trading Policies prohibit the Tenor Advisors' personnel from trading for the Funds or themselves, or from recommending trading, in securities of a company while in possession of material, non-public information ("Inside Information") about the company, and from disclosing such information to any person not entitled to receive it. By reason of its various activities, the Tenor Advisors may be deemed to have access to Inside Information or be restricted from effecting transactions in certain investments that might otherwise have been initiated. The Tenor Advisors have designed and implemented policies and procedures reasonably designed to control and monitor the flow of Inside Information to and within the Tenor Advisors, as well as prevent trading based on Inside Information.

Cross-Trades

The Tenor Advisors may determine that it would be in the best interests of certain Funds that are not subject to ERISA to transfer a security from one Fund to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Funds, or to reduce transaction costs that may arise in an open market transaction. If the Tenor Advisors decide to engage in a Cross Trade, the Tenor Advisors will determine that the trade is in the best interests of each Fund involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Funds. Subject to applicable restrictions imposed by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), as well as Funds investment guidelines and restrictions, the Tenor Advisors will not direct Funds subject to ERISA to buy or sell securities to or from another Fund through an internal cross transaction.

To the extent the Tenor Advisors engage in a Cross Trade, the Tenor Advisors will generally execute Cross Trades with the assistance of a broker-dealer who executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a Cross Trade between two Funds may occur as an "internal cross", where the Tenor Advisors instruct the custodian for the Funds to book the transaction at the price determined in accordance with the Tenor Advisor's valuation policy. If the Tenor Advisors effect an internal cross, the Tenor Advisors will not receive any fee in connection with the completion of the transaction.

Principal Transactions

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a Fund by the Tenor Advisors or its personnel, the Tenor Advisors will comply with the requirements of Section 206(3) of the Advisers Act.

Additional Considerations

From time to time, various potential and actual conflicts of interest may arise from the overall advisory, investment and other activities of the Tenor Advisors' personnel. The Tenor Advisors have established policies and procedures to monitor and resolve conflicts and will endeavor to resolve conflicts with respect to investment opportunities in a manner it deems equitable and consistent with its fiduciary duty to the extent possible under the prevailing facts and circumstances. The Tenor Advisors and their personnel may invest on behalf of themselves in securities and other instruments that would be appropriate for, held by, or may fall within the investment guidelines of the Funds. The Tenor Advisors and their personnel may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for the Funds. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more of the Funds. Potential conflicts also may arise due to the fact that the Tenor Advisors and their personnel may have investments in some Funds but not in others or may have different levels of investments in the various Funds, and because the Funds may pay different levels of fees to the Tenor Advisors.

In addition, the Tenor Advisors may give advice or take action with respect to the investments of one or more of the Funds that may not be given or taken with respect to other Funds with similar investment programs, objectives, and strategies. Accordingly, the Funds with similar strategies may not hold the same securities or instruments or achieve the same performance. Tenor also may advise Funds with conflicting programs, objectives or strategies. These activities also may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more of the Funds. Finally, the Tenor Advisors and their personnel may have conflicts in allocating their time and services among the Funds. The Tenor Advisors will devote as much time to each Fund as the Tenor Advisors deem appropriate to perform its duties in accordance with its management agreements.

Item 12 – Brokerage Practices

As noted previously, the Tenor Advisors have full discretionary authority to manage the Funds including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. The Tenor Advisors' authority is guided by their own internal policies and procedures and each Fund's investment guidelines.

In selecting an appropriate broker-dealer to effect a client trade, the Tenor Advisors seek to obtain best execution (not necessarily lowest price), taking into consideration, among other things, the price of a security offered by the broker-dealer, as well as a broker-dealer's full range and quality of services including, among other things, facilities, reliability and financial responsibility, execution capability, commission rates, responsiveness to the Tenor Advisors, brokerage and research services provided to the Tenor Advisors (e.g., research ideas, analysis, and investment strategies), special execution and block positioning capabilities, clearance, and settlement and custodial services. If the Tenor Advisors decide to execute over-the-counter ("OTC") transactions on an agency basis through Electronic Communications Networks ("ECNs"), then they may also consider, among others, the following factors when choosing to use one ECN over another: the ease of use, the flexibility of the ECN compared to other ECNs, and the level of care and attention that will be given to smaller orders. The Tenor Advisors maintain policies and procedures to review the quality of executions, including periodic reviews by their investment professionals.

Soft Dollar Usage

From time to time, the Tenor Advisors may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) for effecting Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Tenor Advisors will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934. The Tenor Advisors believe it is important to its investment decision-making processes to have access to independent research.

Generally, research services provided by broker-dealers may include information on the economy, industries, groups of securities, individual companies, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio securities, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate responsibility issues. Such research services are received primarily in the form of written reports, telephone contacts, and personal meetings with security analysts. In addition, such research services may be provided in the form of access to various computer-generated data and may include meetings arranged with corporate and industry spokespersons, economists, academicians, and government representatives.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by one or more Fund may be used by the Tenor Advisors to service one or more other Funds. Where a product or service obtained with soft dollars provides both research and non-

research assistance to the Tenor Advisors (e.g., a "mixed use" item), the Tenor Advisors will make a good faith allocation of the cost, which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Tenor Advisors' allocation of the costs of such benefits and services between those that primarily benefit the Tenor Advisors and those that primarily benefit the Funds.

At least annually, the Tenor Advisors consider the amount and nature of research and brokerage services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempt to allocate a portion of the brokerage business of its clients on the basis of such considerations. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will the Tenor Advisors make binding commitments as to the level of brokerage commissions each will allocate to a broker-dealer, nor will either commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Additional Brokerage Considerations

Neither the Tenor Advisors nor any related person receives client referrals from any broker-dealer or third party. However, subject to best execution, the Tenor Advisors may consider, among other things, capital introduction and marketing assistance with respect to Investors in the Funds in selecting or recommending broker-dealers for the Funds.

The Tenor Advisors do not recommend, request or require that a client direct us to execute transactions through a specific broker-dealer.

Trade Allocation and Aggregation Policies and Procedures

It is the policy of the Tenor Advisors to allocate investment opportunities fairly and equitably over a period of time. Generally, trade allocations will be made pro rata based on a predetermined ratio between the funds, although other allocations could be implemented based on the factors described below. Tenor Capital currently manages the Tenor Opportunity Master Fund Ltd through a master-feeder structure, and the assets of the feeder Funds are managed primarily through a single portfolio at the master fund level.

The Tenor Advisors, however, will have no obligation to purchase, sell or exchange any security or financial instrument for the Funds if the Tenor Advisors believe in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical or undesirable for any of the Funds.

In making allocation decisions, the Tenor Advisors generally consider the following factors, among others: the investment objectives and restrictions on the Funds; the nature and size or the proportion of a securities issue likely to be available to the Tenor Advisors or the nature and size of the

proposed sale; the relative size and cash availability of the applicable strategy of the Funds; the ability to borrow and the cost of borrowed funds; tax consequences; legal restrictions, including those that may arise in foreign jurisdictions; the liquidity of the investment relative to the need of the Funds; the degree of specialization of the Funds relative to the investment offered; the relative historical participation of the Funds in the investment; the difficulty of liquidating an investment for the Fund; the possibility that an allocation may result in a small or odd lot; the existence of new Funds with a substantial amount of investable cash; and other factors considered relevant.

If the Tenor Advisors determine that the purchase or sale of the same security is in the best interest of the Funds, the Tenor Advisors may, but are not obligated to, aggregate orders in order to reduce transaction costs to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Fund will receive the average price with transaction costs allocated pro rata based on the size of the Funds participation in the order (or allocation in the event of a partial fill) as determined by the Tenor Advisors, as applicable. In the event of a partial fill, allocations generally will be made pro rata based on the initial order, but may be modified on a basis that the Tenor Advisors deem to be appropriate, including, for example, in order to avoid odd lots or *de minimis* allocations.

Item 13 – Review of Accounts

The Tenor Advisors perform various daily, weekly, monthly, and other periodic reviews of the Funds' portfolios. Such reviews are conducted by Tenor's Portfolio Manager working together with the Tenor Advisors' investment and non-investment professionals.

Generally, investors in the Funds receive a monthly or a quarterly update from Tenor Capital documenting the performance of their respective separate account/Fund, along with a commentary by Tenor Capital, although Tenor Capital may provide certain clients/investors with information on a more frequent basis, or in another format, if agreed to by Tenor Capital.

In addition, the Funds issue investors tax reports and audited financial statements concerning their respective Funds within 120 days of the end of the Funds' fiscal year.

Item 14 – Client Referrals and Other Compensation

Tenor Capital had entered into an agreement with J.H. Darbie & Co., Inc. ("Darbie"), a licensed broker dealer and member of FINRA. Darbie has been engaged to refer certain designated prospective investors to Tenor Capital with the prospect of their becoming investors in the Tenor Special Situation Fund, L.P. Darbie will be compensated by Tenor Capital and not by the Funds. All referral fee arrangements will be fully disclosed to investors. The agreement with Darbie was terminated during 2015. All rights, title and interest have been transferred to Old City Securities LLC ("OCS

Item 15 – Custody

All client funds and securities are held in custody by unaffiliated broker/dealers or banks (other than certain privately offered securities to the extent permitted under the Advisers Act).

The Tenor Advisors may be deemed to have "custody" of client assets under SEC Rule 206(4)-2 (the "Custody Rule") since they serve as the general partner or managing member of the Funds. We are not required, however, to comply (or we are deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because we comply with the provisions of the so-called "Pooled Vehicle Annual Audit Exception", which, among other things, requires that each Fund i) be subject to an audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and ii) distribute its audited financial statements, prepared in accordance with U.S. generally accepted accounting principles, to all investors within 120 days of the end of its fiscal year.

Item 16 – Investment Discretion

As noted previously, the Tenor Advisors have full discretionary authority to manage the Funds' accounts including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. The Tenor Advisors' authority is guided by their own internal policies and procedures and each Fund's investment objectives and guidelines, as set forth in their respective offering documents.

The Tenor Advisors or an affiliate of the Tenor Advisors entered into an investment management agreement, or similar agreement, with each Fund, pursuant to which the Tenor Advisors or an affiliate of the Tenor Advisors was granted discretionary trading authority.

Item 17 – Voting Client Securities

Rule 206(4)-6 under the Advisers Act requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies.

The Tenor Advisors have adopted proxy voting policies and procedures, though due to the nature of the investment products and strategies utilized by the Tenor Advisors, traditional "proxy voting" is rare.

The general policy is to vote proxy proposals, amendments, consents or resolutions relating to client securities, including interests in private investment funds, if any (collectively, "proxies"), in a manner that serves the best interests of the Funds, as determined by the Tenor Advisors in their discretion, taking into account the following factors: (i) the impact on the value of the investments; (ii) the anticipated associated costs and benefits; (iii) the effect on liquidity; and (iv) customary industry and business practices.

In limited circumstances, the Tenor Advisors may refrain from voting proxies where they believe that it is not in the best interest(s) of its Client(s), if the security is not held as of the record date, or if the Firm determines there is insufficient benefit to voting the proxy. If a material conflict of interest over proxy voting arises and the proposal is addressed by the proxy voting policies, the Tenor Advisors will vote in accordance with such policies. If the proxy proposal is not addressed by the proxy voting policies, then the CCO, COO and Portfolio Manager will meet to review and resolve the conflict of interest. A copy of the proxy voting policies and the proxy voting record relating to a client of the Tenor Advisors may be obtained by contacting Tenor Capital.

Item 18 – Financial Information

The Tenor Advisors have never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.