

MOORE CAPITAL MANAGEMENT, LP

Eleven Times Square  
New York, NY 10036

212-782-7000 [www.moorecap.com](http://www.moorecap.com)

**This brochure provides information about the qualifications and business practices of Moore Capital Management, LP. If you have any questions about the contents of this brochure, please contact us at 212-782-7000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Moore Capital Management, LP, also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

March 31, 2021

## **Material Changes**

Since filing our annual update on March 30, 2020, there have been no material changes in this brochure.

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#### **Item 4 - Advisory Business**

Moore Capital Management, LP (“Moore Capital Management”) is a Delaware limited partnership that, with its predecessor firm, has been in the investment management business since 1989. Moore Capital Management is principally owned indirectly by Louis Moore Bacon. Mr. Bacon also serves as Chairman and Chief Executive Officer of Moore Capital Management.

Moore Capital Management, together with certain of its investment adviser affiliates (collectively, “Moore Group”), provides investment management services on a discretionary basis to U.S. and non-U.S. privately-offered investment funds sponsored by Moore Group. The private investment funds that are offered to investors (referred to as “Investor Funds”) generally invest their assets in other private investment funds (referred to as “investment subsidiaries”) which are also managed by Moore Group, through which we pursue our investment strategies. For convenience, we will sometimes refer to each Investor Fund, and the investment subsidiary(ies) in which it invests, as a “Fund” and collectively as the “Funds.”

Moore Group currently does not provide investment advisory services to clients apart from its management of the Funds but may, from time to time, provide research services to certain investment advisers, among other investment advisory services, in the future. As of December 31, 2020, Moore Group had approximately \$30,307,642,000 in regulatory assets under management, all managed on a discretionary basis.

Moore Group’s management of each Fund, and the terms of any investor’s investment in a Fund, are governed exclusively by the terms of that Fund’s organizational documents, private offering memorandum or other disclosure documents, limited partnership agreement (if any), investment management agreement, and subscription agreement (the “governing documents”).

**All discussions in this brochure of the Funds, their investments, the strategies Moore Group uses in managing the Funds, and the fees associated with an investment in the Funds are qualified in their entirety by reference to the Funds’ governing documents. This brochure and the material contained herein is not meant to be, nor shall it be construed as, an offer or solicitation of an offer for the purchase or sale an interest in the Funds.**

#### **Item 5 - Fees and Compensation**

Moore Group’s fees are set forth in each Fund’s governing documents and are explained in detail in each Fund’s private offering memorandum. Moore Group does not have a fee schedule and the fees that it charges to the Funds generally are not negotiable.

Each Fund pays Moore Group a management fee (“Management Fee”) equal to a percentage of the net assets in the Fund. Depending on the Fund, the Management Fee may be paid either by an Investor Fund or by one of its investment subsidiaries. With respect to these master-feeder arrangements, Moore Group does not receive a Management Fee from both the Investor Fund and its investment subsidiaries. The Management Fee is paid monthly in arrears based on the value of the Fund’s net assets at the end of the month, generally at an annualized rate of 0.5% to 2% of a Fund’s net assets, depending on the Fund and applicable share class. Generally, Moore Group sends an invoice for its Management Fee to the Fund’s administrator,

which verifies the amount of the fee and causes the Fund to pay it out of each limited partner's capital account or from the Fund's assets, depending on the Fund. Certain employees of Moore Group that invest in the Funds pay reduced fees.

Certain Funds may offer classes of shares denominated in different currencies (e.g., a class denominated in U.S. dollars and another in Euros). In these cases, the Management Fee will be calculated separately for each class.

In addition to the Management Fee, and the Profit Share Allocation discussed in Item 6, each Investor Fund pays its ordinary and any extraordinary expenses incurred by it. Each Fund indirectly pays its pro rata share of the ordinary and extraordinary expenses of any investment subsidiary in which it invests. Certain Investor Funds also pay for the costs associated with the offering of their shares or other interests.

Each Fund pays brokerage commissions on its transactions at rates negotiated for it by Moore Capital Management. Each Fund pays all expenses incurred in connection with its trading and investment activities, including, but not limited to, all execution, give-up, brokerage, floor, exchange, clearing and regulatory fees, option premiums, other investment banking and transaction costs and expenses, delivery and custody expenses, interest and borrowing charges on margin accounts, borrowed money and property, and other indebtedness and related expenses and costs, bank, broker and dealer service fees and background check, valuation or appraisal fees and expenses. Each Investor Fund indirectly pays its pro rata share of the transaction costs of the investment subsidiary(ies) in which it invests. Please see Item 12, for more information about Moore Group's brokerage practices.

Each Fund's investment management agreement may be terminated by the Fund or by Moore Group without penalty upon written notice. An investment management agreement may not be assigned by a party without the prior written consent of the other party or parties.

The Investor Funds generally limit the ability of investors to withdraw capital or redeem or transfer their shares for a period of time after investment, and may charge a fee on early redemptions or withdrawals, which is retained by the applicable Fund, not Moore Group. These withdrawals, redemption or transfer provisions may differ among the Investor Funds and also may differ among classes of interests in the same Investor Fund. A Fund may waive or alter these requirements.

In addition, we may provide middle office/back office, administrative support, operations, treasury, risk management as well as research services (together, the "Services") to outside investment managers we have engaged to manage a portion of a Fund's assets as well as to outside investment managers that do not manage a portion of the Fund's assets. A Fund's allocation to any outside investment manager is through an investment in a fund or managed account managed by the outside investment manager (collectively, an "Outside Fund/Account"). In compensation for Services, we may receive a fee based upon a percentage of the net assets in the Outside Fund/Account and/or a flat fee (the "Service Fee"). As an investor in an Outside Fund/Account, a Fund will pay its pro rata share of such Service Fee. The Service Fee we receive will be in addition to Moore Group's Management Fee and Moore Capital Management's Profit Share Allocation with respect to the Fund. Furthermore, since a portion

of the Service Fee is based on the net assets of the Outside Fund/Account, we may have an incentive to invest the Fund's assets in such Outside Fund/Account in order to increase the Service Fee. Lastly, we may enter into side letters with investors concerning most favored nation status, responsible investing and indemnification.

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

Moore Capital Management, receives a profit share allocation ("Profit Share Allocation"), generally payable quarterly or annually, equal to a percentage of the excess, if any, of the net assets of a Fund as of a Profit Share Allocation date (as defined in the Fund's governing documents) over the net assets in the Fund at the last Profit Share Allocation date at which a Profit Share Allocation was earned, as adjusted to eliminate the effect on net assets resulting from new subscriptions, redemptions or distributions, if any, made during the period. For this purpose, net assets are determined after deduction for Management Fees but prior to the deduction of Profit Share Allocations made or accrued during the period. Depending on the Fund, Profit Share Allocations may be made either by an Investor Fund or by one of its investment subsidiaries. In the case of Funds organized as limited partnerships, the Profit Share Allocation is calculated based on changes in the net asset value of each limited partner's capital account. If a Fund offers multiple classes of shares, the Profit Share Allocation will be calculated separately for each class with certain share classes subject to a hurdle.

If a Profit Share Allocation is made with respect to a class of shares and the class thereafter incurs a net loss for any subsequent period, Moore Group will retain the allocation previously made. The class's net loss, however, must be recouped before Moore Group is entitled to any additional Profit Share Allocations with respect to the class, creating a "loss carryforward amount." If the class's net assets are reduced due to net withdrawals during a period, there will be a proportional reduction in any related loss carryforward amount that must be recouped before Moore Group is eligible to receive additional Profit Share Allocations with respect to the class. If an investor redeems his or her interest in a Fund in whole or in part on a date other than a Profit Share Allocation date, the net asset value of such interest will be reduced by the accrued Profit Share Allocation applicable to such interest as of the redemption date.

Profit Share Allocations may give us an incentive to engage in more speculative investment strategies in an effort to maximize a Fund's gross profits and receive greater compensation. Such fee arrangements also may create an incentive to favor higher fee paying accounts over other accounts when we advise them. We follow procedures that we believe are reasonably designed to ensure that all clients are treated fairly over time, and to prevent this conflict from influencing our investment advice to clients.

Moore Group does not currently manage any Funds or other accounts that pay only a Management Fee. However, Moore Group may, in its discretion, manage other funds or accounts with higher or lower fees, and different fee structures, than the Funds. In addition, as described in Item 5, Moore Group provides other investment related services, including research, from time to time, to clients.

Moore Group may engage outside independent and/or related investment managers to manage a portion of a Fund's assets. The management fees, incentive fees and/or profit

share allocations charged to a Fund by independent investment managers (“Outside Manager Fees”) will reduce the profit share otherwise allocable to Moore Capital Management (but not the management fee payable to the Moore Group). If Outside Manager Fees exceed the amount of the profit share allocable to Moore Capital Management for a period (or if there is no profit share allocable to Moore Capital Management for a period), a Fund will still pay such Outside Manager Fees. In such case, neither Moore Capital Management nor the Moore Group will be required to repay the amount of the excess to a Fund and any excess will not be carried forward to subsequent periods. The management fees, incentive fees and/or profit share allocations charged by investment managers related to the Moore Group (“Related Manager Fees”) or to Moore Capital Management itself as a result of a Fund investing in another fund managed by the Moore Group (“Moore Fees”) will reduce the profit share otherwise allocable to Moore Capital Management as well as the management fee otherwise payable to the Moore Group. If Related Manager Fees and/or Moore Fees exceed the amount of the profit share allocable to Moore Capital Management and management fees payable to the Moore Group, the amount of the excess will be carried forward to subsequent periods and will reduce the profit shares allocable to Moore Capital Management and management fees payable to the Moore Group, respectively, until such excess amount has been fully absorbed. Outside Manager Fees and Related Manager Fees that will reduce the profit share and management fee otherwise payable to Moore Capital Management and the Moore Group, as applicable, do not include any other compensation to such other managers such as without limitation, compensation in the nature of goods and services provided by brokers or dealers and paid for with “soft” or “client commission” dollars. It should also be noted that certain instruments in which the Fund may invest contain embedded fees that could be considered management or incentive fees but which are inseparable from the cost of the instrument and therefore impractical to identify and net against the Moore Group’s and/or Moore Capital Management’s compensation.

Moore Capital Advisors, L.L.C. (“MCA”), an affiliate of Moore Capital Management, may be entitled to receive a profit share allocation from certain Funds. As a related entity, however, the profit share allocable to Moore Capital Management will reduce and completely eliminate the profit share allocation made to MCA.

## **Item 7 - Types of Clients**

Moore Group provides investment advice to the Funds based on each Fund’s particular investment objectives and policies as described in the Fund’s private offering documents. Investors in the Investor Funds may include high net worth individuals, trusts, pension and profit sharing plans, charitable organizations, and corporations and other institutional investors.

Certain Investor Funds may not be available to U.S. investors, or may limit the number and/or type of U.S. investors they will accept. An Investor Fund that accepts U.S. investors will require that any U.S. investor certify that they are an “accredited investor” as defined in Regulation D under the Securities Act of 1933, as amended, and a “qualified purchaser” as defined in Section 2(a)(51) of the Investment Company Act of 1940. The Investor Funds also may impose qualification requirements with respect to non-U.S. investors. Investors in the Investor Funds generally are required to meet certain conditions, including a minimum initial investment (starting at \$1 million, but higher for certain Funds and share classes), minimum subsequent investments (typically \$100,000), and other qualifications, such as net

worth, investment sophistication, and country of residence. The Investor Funds may waive the minimum investment requirements in their discretion. Investors must submit a completed subscription agreement and subscription funds must be credited to the Investor Fund's account prior to a closing in order for a subscription to be accepted for the applicable closing date. Shares in certain Investor Funds may not be available to investors in certain markets.

In addition, Moore Group may, from time to time, provide investment research services to third party investment managers. The provision of investment research services is generally limited to investment managers that previously were affiliated with Moore Group.

## **Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss**

Each Fund is managed in accordance with the investment objectives and strategies disclosed in the Fund's private offering documents. Investors and prospective investors in a Fund should consult the relevant private offering documents to see which methods of analysis, investment strategies and risks are most relevant to that Fund.

### **Moore Group's Investment Process.**

Moore Group's investment process is defined by the depth of its research into markets, geographical regions, instruments and strategies and the integrated nature of its risk management techniques. We generally base our investment decisions on a combination of our analysis of fundamental economic, financial and political events and other external factors that affect market prices, our analysis of the markets themselves, and our analysis of the potential risk and reward of a market position. We principally use fundamental and, depending on various circumstances, price and market analysis. For example, in some cases we may determine to purchase certain instruments in anticipation of increasing prices as a result of our analysis of fundamental factors, and will use price and market analysis only to determine the optimal time or price at which to enter a market or to determine which market or instrument would most efficiently express our fundamental view. In other cases, we may increase our reliance on price and market analysis such that we may determine to increase, decrease or not assume a position otherwise indicated by our fundamental analysis. In weighing the various factors which make up an investment decision, we pay close attention to each investment's risk-reward potential, how it fits into the risk profile of the entire portfolio, and whether it is consistent with our global macro view.

### **Investment Strategies.**

Following is a description of the significant strategies Moore Capital Management employs in managing the Funds.

*Global Macro Strategy.* In our global macro strategy, we attempt to achieve the highest return on capital consistent with principles designed to manage the risk of capital loss through investments and transactions, both long and short, across global markets, including, but not limited to, foreign exchange, government and corporate debt securities, interest rate instruments, equity securities, stock indices, precious metals and traditional and base industrial commodities and other investment funds through investment in the spot, forward,



futures, options and swap markets, as well as in hybrid securities and other derivative instruments or any other similar agreement. Our current strategy emphasizes directional positioning and also, to a lesser extent, relative value and credit strategies. Because of the diversified nature of our global macro strategy, we also have developed and implemented various other strategies including fixed income, emerging markets, private equity and distressed securities. We may employ these strategies and others for certain Funds, and a Fund's assets and liabilities may be concentrated in one or more industries, asset classes, instruments, geographic areas or strategies at any time.

*Inflation Strategy.* In our inflation trading strategy, we attempt to achieve the highest return on capital consistent with principles designed to manage the risk of capital loss. The Fund seeks to accomplish its objective by investing predominantly in developed market nominal and inflation linked bonds, however other asset classes are sometimes utilized for this purpose as well. Opportunities are mainly identified between market implied inflation rates, real rates and nominal interest rates, within and across different countries and markets. The strategy attempts to exploit a spectrum of opportunities including with respect to the inflation break-even rate as well as directional cross market, bond specific value, curve and curvature trades. The "inflation break-even rate" is the difference between the nominal yield on a nominal (conventional) bond and the real yield on an inflation-linked bond with the same maturity. It is the average rate of inflation that would need to be realized over the maturity of such bonds in order for an investor to be indifferent between the two bonds. The Fund invests across risk dimensions, geographical regions and time horizons using a fixed income focused macro driven approach. Commodities and currencies are employed mainly for hedging purposes, but may also be utilized to express outright market views. Lastly, we attempt to integrate suitable environmental, social and governance considerations into the investment strategy.

## **Significant Risks**

Investing in securities and derivatives involves risk of loss that investors in the Funds should be prepared to bear. Following is a description of the most significant risks involved in our investment strategies. Not all of these risks will be equally relevant to each Fund that we manage at any given time. Moore Capital Management may determine to limit a Fund's trading in any instrument, market and/or sector from time to time, in its sole discretion and without notice to investors. For example, generally in recent years most of the Funds have not made material investments in illiquid privately offered securities ("private equity") and certain other illiquid instruments in which the holding period for the investment was expected to be long term. This was done in an effort to manage the liquidity of the Funds' portfolios. Moore Capital Management may also, in its sole discretion and without notice to investors, at any time determine to establish positions in any instrument, market or sector in which it previously has not traded or has otherwise limited trading.

*Inflation-Protected Securities Risk.* We may invest in inflation-protected public obligations of the U.S. Treasury, commonly known as "TIPS," as well as inflation securities and products linked to the inflation rates of other countries. Inflation-protected obligations are designed to provide inflation protection to investors. Inflation-protected obligations are income-generating instruments the interest and principal payments of which are adjusted for inflation - a sustained increase in prices that erodes the purchasing power of money. The inflation adjustment, which is

typically applied monthly to the principal of the bond, follows a designated inflation index, the consumer price index (“CPI”). The principal payments of TIPS are adjusted according to changes in the CPI. A fixed-coupon rate is applied to the inflation-adjusted principal so that as inflation rises, both the principal value and the interest payments increase. This can provide investors with a hedge against inflation, as it helps preserve the purchasing power of an investment. Because of this inflation adjustment feature, inflation-protected bonds typically have lower yields than conventional fixed-rate bonds.

Inflation-indexed bonds, such as TIPS, generally decline in value when real interest rates rise. In certain interest rate environments, such as when real interest rates are rising faster than nominal interest rates, TIPS may experience greater losses than other fixed income securities with similar durations. In addition, any increase in principal value of an inflation-indexed bond caused by an increase in the price index is taxable in the year the increase occurs, even though the Fund generally will not receive cash representing the increase at that time.

A Fund’s income may decline due to a decline in inflation or deflation. When deflation occurs, the principal value of an inflation-linked security will be adjusted downward, and consequently the interest payments (calculated with respect to a smaller principal amount) will be reduced. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed for U.S. TIPS but not for other inflation-protected securities. As a result, the adjusted principal value of the bond repaid at maturity may be less than the original principal. If inflation is lower than expected during the period the Fund holds an inflation-linked security, the Fund may earn less on the security than it would on a conventional bond.

A Fund is also subject to the risk that inflation rates of certain countries may be significantly higher than the rates indicated by official reports. As a result, the value of the bonds held by the Fund may decline in value even if payments to investors track reported inflation. Such securities are also subject to the risk of default by the issuing country.

A Fund may also invest in other fixed income securities that the Portfolio Manager believes will provide protection against inflation, including floating rate and other short duration securities. Floating rate securities bear interest at rates that are not fixed but vary with changes in specified market rates or indices, such as the prime rate, and at specified intervals. A Fund may also invest in interest only securities (“IOs”), which are a form of stripped mortgage security that receives all of the interest on a pool of mortgage assets (while another class, the principal only or “PO” class, receives all of the principal).

*Environmental, Social, Governance (“ESG”) Risk.* We may apply ESG and sustainability criteria to the investment process which may exclude securities of certain issuers for non-investment reasons and therefore a Fund may forego some market opportunities available to funds that do not use ESG or sustainability criteria. A Fund’s incorporation of ESG considerations may affect its exposure to certain investments, and may adversely impact the Fund’s performance depending on whether such investments are in or out of favor in the market.

*Business and Catastrophic Risk.* The Funds will be subject to the risk of loss arising from exposure incurred, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events such as a

pandemic. As of the date of this Brochure, the 2019 novel coronavirus (i.e., SARS-CoV-2, and the resulting COVID-19 respiratory disease, “COVID-19”), which the World Health Organization has declared to constitute a “Public Health Emergency of International Concern”, is an ongoing epidemic in multiple countries, including the United States. The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity, and contributed to significant volatility in certain equity, debt, derivatives and commodities markets. The extent and duration of such negative impact, to the private equity industry and global markets as a whole, is currently unknown. The global ramifications of the outbreak are the closure of offices, businesses, factories, schools, retail stores, restaurants, hotels, courts and other public venues, and other restrictive measures designed to help slow the spread of COVID-19. Many businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in the global public and private markets, supply chains and economic activity and are especially impactful on transportation, hospitality, tourism, entertainment and other industries. Moreover, with the continued spread of COVID-19, governments and businesses are likely to take increasingly aggressive measures to help slow its spread. For this reason, among others, as COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession (which recessions some financial experts opine have already arrived), are increasingly uncertain and difficult to assess. Although the long-term economic fallout of COVID-19 is difficult to predict, it has and is likely to continue to contribute to market volatility. It is not possible to predict the severity of the effect that any such future events would have on the U.S. and non-U.S. economies or the value of the Funds’ investments, but these catastrophic risks of loss can be substantial and could have a material adverse effect on Moore Capital Management’s business and the Funds.

*Other Business Interruptions.* Moore Capital Management’s investment advisory activities and operations, or the activities and operations of its service providers or portfolio companies, could be interrupted or adversely affected by extraordinary events or emergency situations, including, without limitation, outbreaks of infectious diseases, epidemics or pandemics, war, terrorism, failure of technology, disasters, government macroeconomic policies, or social instability. In order to mitigate the effects of these types of events, we may activate our business continuity and disaster recovery plan. This plan may, for example, require our employees to work and access our information technology, communications or other systems remotely. The failure of these systems and/or disaster recovery plans for any reason could cause significant business interruptions in the operations of Moore Capital Management, its affiliates, the Funds and/or the Funds’ portfolio companies.

*Dependence on Internet and Other Services.* The investment strategies that Moore Capital Management employs are highly dependent on information systems and technology. Any failure, breach or deterioration of these systems or technology due to human error, data transmission failures, hacking, cyberattacks, operational risks, or other causes could have a material adverse effect on the Funds’ operations. A disaster or a disruption in the infrastructure that supports Moore Group’s business, including a disruption involving electronic communications or other services that Moore Capital Management, or that third parties with whom Moore Capital Management conducts business, use or directly affecting one of Moore Group’s offices or facilities, may have a material adverse effect on Moore Capital Management’s ability to continue to operate its business without interruption. Although Moore Capital Management has back-up

facilities for its information systems as well as technology and business continuity programs in place, there can be no assurance that these will be sufficient to mitigate the harm that may result from such a disaster or infrastructure disruption. In addition, insurance and other safeguards might only partially mitigate the effects of such a disaster or disruption.

Moore Capital Management relies on third-party service providers for certain aspects of its business, including certain financial operations of the Funds. Any interruption or deterioration in the performance of these third parties could impair the quality of the Funds' operations and negatively impact the investment strategies that Moore Capital Management employs on the Funds' behalf.

*Use of Margin.* We may use margin (i.e., borrow money) to buy securities for the Funds. There are no limitations on a Fund's ability to borrow, other than those imposed by law. Borrowing money to purchase securities provides a Fund with the advantages of leverage, but exposes it to capital risk and higher current expenses. Any gain in the value of securities purchased with borrowed money or income earned from these securities that exceeds interest paid on the amount borrowed would cause a Fund's net asset value to increase faster than would otherwise be the case. Conversely, any decline in the value of the securities purchased would cause a Fund's net asset value to decrease faster than would otherwise be the case.

*Short Sales.* Funds may engage in "short sales" (i.e., the sale of a security that a Fund does not own in the hope of purchasing the same security at a later date at a lower price) in which there is no limit to the amount of potential loss. A Fund will incur a loss as a result of a short sale if the price of the security increases between the date of the short sale and the date on which the Fund covers its short position (i.e., purchases the security in the open market). The Fund will realize a gain if the security declines in price between these dates by an amount sufficient to offset net expenses of the short sale. A short sale involves the theoretically unlimited risk of loss occasioned by an increase in the market price of the security that is the subject of the short sale.

*Legislative and Regulatory Risk and Restrictions on Short Sales.* Market movements with respect to securities and other investments may significantly affect the value of a Fund's investments. In addition, legislative bodies globally have introduced and enacted forms of legislation that could potentially negatively impact a Fund's operations, investing activities, and risk profiles by placing restrictions, barriers to entry and increased burdens on Moore Capital Management. Legislative risk is the risk that potential legislation could have an adverse impact on the operations of the Fund and the markets in which the Fund operates. For example, the SEC, other regulators and self-regulatory organizations and exchanges are authorized to intervene, directly and by regulation, in certain markets, and have in the past and may in the future restrict or prohibit market practices, such as the short-selling of certain stocks. The length of such prohibitions and types of investments prohibited vary from country to country and may significantly affect the value of a Fund's holdings. The restrictions and reporting requirements that are currently in place and any regulation that may be enacted, including but not limited to those related to short selling, may prevent a Fund from successfully implementing its investment strategy and provide transparency to the Fund's competitors as to its positions, thereby having a detrimental impact on the Fund's returns. Also, certain regulatory and legislative initiatives could result in material changes to the terms and conditions of financial instruments that could significantly impact their valuation. A Fund is also subject

to the risk of the failure of any exchanges on which its positions trade or of the exchanges' clearinghouses. Over the past several years, financial regulators have increased regulation and will likely continue to increase regulation in the near future. The effect of any regulatory change on a Fund could be substantial and adverse. Such regulation may, among other things, impair the Fund's ability to successfully execute its investment strategies or obtain leverage and may increase the costs of its operations.

On July 21, 2010, the President signed into law major financial services reform legislation in the form of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Reform Act"). Among other things, the Reform Act includes additional regulation of investment funds and their managers, including registration requirements as well as additional compliance, reporting and disclosure requirements. In addition, the Reform Act grants the CFTC and SEC broad rulemaking authority to implement various provisions of the Reform Act including comprehensive regulation of the over-the-counter ("OTC") derivatives market. These regulations include derivative exchange trading and clearing requirements, disclosure obligations, margin requirements as well as requiring OTC derivative dealers and major OTC derivatives market participants to register with the SEC and/or CFTC and maintain adequate capital reserves. The operational burden, liquidity, and market impact of derivative exchange trading and clearing requirements are non-quantifiable and could be unknown for a period of time. The implementation of the Reform Act could adversely affect the Funds by increasing transaction costs and imposing restrictions on the investment or other operations of the Funds and Moore Group.

*AIFM Directive.* The Alternative Investment Fund Managers Directive (the "AIFM Directive") was required to be implemented into local law in each of the Member States of the European Union ("EU") by July 22, 2013. Certain jurisdictions implemented the AIFM Directive in such a way that certain firms were given a transitional period of up to 12 months before they needed to comply with the new rules and regulations. Such transitional periods ended on July 22, 2014.

The AIFM Directive imposes requirements in relation to funds managed, established or marketed in the jurisdictions within the European Economic Area ("EEA"). The Moore Group is prohibited from marketing the Funds in the EEA unless it complies with certain provisions of the AIFM Directive (or unless permitted to do so under specific local private placement regimes, in jurisdictions which have not yet implemented the AIFM Directive). This includes factors which are outside the control of the Moore Group, such as relevant cooperation arrangements being in place between regulators in the Bahamas, the United States and the EEA country where a Fund may be marketed. If in the future a Fund does become subject to the full provisions of the AIFM Directive, for example because the Fund is marketed in the EEA other than under private placement regimes, or because the Fund is managed, or is treated for the purposes of the AIFM Directive as managed, by an entity in the EEA, the consequences for the Fund would likely include additional costs and more burdensome operational and disclosure requirements.

Since the relevant AIFM Directive marketing rules took effect, the Funds have not been marketed, and the current intention remains not to market the Funds to investors domiciled, or with a registered office, in an EEA state. This means that there is no current intention from such date for

there to be a direct or indirect offering or placement at the initiative of Moore Capital Management, or on behalf of Moore Capital Management, of shares to investors domiciled or with a registered office in any EEA state.

*Brexit:* The United Kingdom (“UK”) left the European Union (“EU”) (a decision popularly known as “Brexit”) on January 31, 2020 subject to a transitional period that ended on December 31, 2020. The UK and the EU have agreed the terms of their future trading relationship that took effect from January 1, 2021. It is difficult to predict the precise impact of Brexit on the Funds and their investments. Brexit could also lead to legal uncertainty and politically divergent national laws and regulations as a new relationship between the UK and EU is developed and the UK determines which EU laws to replace or replicate in the future. Accordingly, despite the terms of a trade agreement having been reached, the implementation of such trade agreement and its enforcement may give rise to significant uncertainties and instability in the financial markets and will impact the ability, in particular for UK firms, to provide financial services within and to persons in Europe. The Funds may invest in the UK and in the EU. In light of the aforementioned risks, the volatility and uncertainty caused by the political ramifications of Brexit may adversely affect the value of the Funds’ investments.

*Derivatives.* Derivative financial instruments (“derivatives”) include, without limitation, futures, options, interest rate swaps, forward currency contracts, contracts for differences, and credit derivatives such as credit default swaps. Engaging in over-the-counter derivatives transactions subjects a Fund to a variety of risks including: (1) counterparty risk; (2) interest rate risk; (3) basis risk; (4) settlement risk; (5) legal risk; (6) operational risk; and (7) market risk. Counterparty risk is the risk that one of the Fund’s counterparties might default on its obligation to pay or perform generally on its obligations. Interest rate risk is the general risk associated with movements in interest rates. Basis risk is the risk associated with the relative movements in two (related) rates or prices. Settlement risk is the risk that a settlement in a transfer system does not take place as expected. Legal risk is the risk that a transaction proves unenforceable in law or because it has been inadequately documented. Operational risk is the risk of unexpected losses arising from deficiencies in a firm’s management information, support and control systems and procedures. Market risk is the risk of potential adverse changes in the value of financial instruments resulting from changes in market prices, such as interest, commodity and currency rate movements. Under the authority granted to the CFTC in the Reform Act, the CFTC has determined that certain swaps and OTC derivatives (such as certain interest rate swaps and credit derivatives on broad-based indices) are required to be cleared at a regulated clearing house and traded on a regulated exchange. The Reform Act granted similar authority to the SEC over certain derivatives that fall within its jurisdiction. The SEC has not yet made any determinations regarding mandatory clearing, but it may do so in the future. Swaps and other transactions in OTC derivatives that are not presently subject to such mandatory trading and clearing requirements, however, will be subject to the risks described herein as well as other risks, as there is no exchange market on which to close out an open position. These risks include increased difficulties in liquidating an existing position, assessing the value of a position or assessing the exposure to risk. In addition, the Funds maintain trading relationships with counterparties that include domestic and foreign broker-dealers and financial institutions; these relationships could result in concentration of counterparty risk.

*Futures.* Futures markets are highly volatile and a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the investor. The CFTC and futures exchanges have established limits referred to as “speculative position limits” on the maximum net long or net short position which any person or group of persons may hold or control in particular futures and options on futures. In January 2021, the CFTC finalized new rules that impose position limits on certain futures and option contracts and physical commodity swaps that are “economically equivalent” to such contracts. In addition to speculative position limits, most commodity exchanges also limit fluctuations in futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Such regulations could prevent a Fund from promptly liquidating unfavorable positions and thus subject the Fund to substantial losses..

We aggregate all of the positions held by all accounts owned or controlled by Moore and its affiliates, including the Fund’s account, for the purpose of determining compliance with position limits. It is possible that the trading instructions for a Fund may have to be modified and that positions held by the Fund may have to be liquidated in order to avoid exceeding such limits. Such modification or liquidation, if required, could adversely affect the operations and profitability of a Fund.

*Contracts for Differences.* Certain Funds may engage in contracts for differences (a “CFD”) with respect to equity securities or securities indexes. A CFD is a contract between a buyer and a seller to pay, in cash, when the contract is terminated, the difference between the value of the security or index on which the contract is based on the date the contract is entered into and the date at which it terminates. Parties to CFDs may require a deposit of 10% to 20% of the contract value as security. CFDs, like futures contracts, involve a high degree of leverage due to the modest upfront investment relative to the overall contract value. A relatively small movement in value in the underlying security or index will therefore disproportionately affect the value of the trade. If the CFD moves against a party, such party can incur losses substantially in excess of its initial deposit. In addition, because CFDs involve contracting with a counterparty, a Fund will be subject to the risk that the counterparty will be unable to, or will refuse to, perform with respect to the underlying contract.

*Options.* The Funds may engage in the trading of fixed income options, foreign exchange options, equity options, options on volatility and commodity options, including options on physical commodities. Such trading may involve risks substantially similar to those in trading margined securities or commodity futures contracts, in that options may be used for speculative purposes and may be highly leveraged. Specific market movements of the securities, commodities or futures contracts underlying an option cannot accurately be predicted. The purchaser of an option is subject to the risk of capital loss equal to the entire purchase price of the option. The writer of an option is subject to the risk of capital loss equal to the difference between the premium received for the option and the price of the security, commodity or futures contract underlying the option which the writer must purchase or deliver upon the contingent exercise of the option.

*Illiquid Investments.* The Funds may invest in illiquid instruments, including privately offered, restricted illiquid securities, concentrated, long-term or structured investments and investment funds, for which no secondary market exists. There are no limitations on the

Funds' ability to invest in illiquid instruments, other than those imposed by law. Although generally in recent years certain Funds have not made material investments in "private equity" and certain other illiquid investments, such investments at times have represented and may in the future represent a material portion of certain Funds' assets. A Fund may incur significant fees and expenses in connection with these investments, including without limitation, background check, valuation or appraisal fees and expenses and investment banking fees and expenses. Restricted securities may not be transferable for a specified period of time, if at all. Most investment funds provide for redemption of interests only at specified intervals. Consequently, a Fund would be unable to liquidate those interests other than at the specified date. The Moore Group has historically made various illiquid investments the duration of which it has believed can be accommodated within the Fund's portfolio while still permitting other investments and redemptions. If a Fund experiences material losses, it is possible that its ability to post variation margin with respect to its liquid investments could be affected to the extent that it has illiquid investments and that it might be compelled to liquidate certain investments at a loss that it otherwise might have maintained through posting additional margin. Similarly, if a Fund experiences substantial redemptions of interests or withdrawals of capital at a time when a material portion of the Fund's portfolio was invested in illiquid instruments, the Fund's investors could be adversely affected. Redeeming or withdrawing investors could receive cash redemptions leaving a Fund with an increasingly illiquid portfolio.

Alternatively, a Fund could effect redemptions in whole or in part by transferring illiquid securities to the redeeming or withdrawing investors or to all investors. Moreover, valuation of illiquid securities requires that valuation assumptions be made that may prove incorrect. Such valuations will affect a Fund's net asset value and therefore the price at which investors may purchase or redeem interests. In particular, if valuation assumptions on illiquid investments turn out to have been incorrect, interests in the Fund could be purchased or redeemed by investors at lower or higher net asset values per share than they otherwise would have been. A Fund will not make any retroactive adjustment to the net asset value at which interests are purchased or redeemed based on subsequent adjustments to the Fund's net asset value. For example, if an illiquid security is marked down to reflect perceived devaluation, a redeeming investor will receive an amount equal to the net asset value of the interests, including the illiquid security so devalued. If the illiquid security were ultimately sold for a higher price, the realized amount would benefit the then-current investors, but not those who redeemed at the lower net asset value. Although the Moore Group believes that the Fund's estimated valuations are reasonable and prudent, actual results could differ materially from these estimated valuations. Finally, redemptions could be suspended, in whole or in part, in the event that the price or value of the Fund's investments, including its illiquid instruments, could not be ascertained or in the event that disposition of investments by a Fund is not reasonably practicable or would be seriously prejudicial to the Fund. Instead of suspending redemptions to accommodate such events, a Fund could impose a gate on redemptions to limit the amount of redemptions on a particular Redemption Date.

*Currency Contracts and Other Derivative Instruments.* The Funds may invest in principal contracts, including swaps and other derivative instruments. Although the foreign currency market is not believed to be necessarily more volatile than the markets in other commodities, currently there is less protection against defaults in the spot and forward



trading of currencies since such contracts are not exchange traded or cleared by a clearinghouse. The Reform Act includes many foreign exchange derivatives (including foreign currency options, currency swaps and non-deliverable foreign exchange forwards) in the definition of “swap” and therefore contemplates that such contracts are to be regulated by the CFTC in the future and will be subject to the trade execution, mandatory clearing and margin requirements under the Reform Act. Although the CFTC has been granted authority to regulate forward foreign currency transactions, the Secretary of Treasury has excluded “foreign exchange swaps” and “foreign exchange forwards” from certain of the Reform Act regulations. As such, with respect to trading in these limited categories of foreign exchange derivatives, the Funds are not afforded the full protection provided by CFTC regulation, including segregation of funds. Similarly, the Reform Act grants the CFTC authority to regulate OTC options and swaps contracts but, until the CFTC’s rules with respect to these instruments are fully implemented, the Funds’ investments in OTC options, swaps or other principal contracts may not be regulated by the CFTC and not all of the protections provided under CFTC regulations will apply to them. With respect to any OTC transaction that is not cleared or guaranteed by an exchange clearinghouse, the Funds are at risk to the creditworthiness of its counterparties. Finally, once the CFTC rules regulating swaps under the Reform Act are fully implemented and following requirements to trade additional swaps on an exchange and to clear them, the Funds may be subject to increased costs in connection with executing swaps.

*Speculative Trading in Currencies.* Currency spot, futures and forward markets are highly volatile. Profitability of our trading in these instruments will depend on our ability to analyze the currency markets. The value of any currency relative to the U.S. dollar may be affected by complex political and economic factors. The exchange rate of each currency in terms of the U.S. dollar is at any moment a result of the supply and demand for the two currencies, and changes in the exchange rates result over time from the interaction of many factors directly or indirectly affecting economic and political conditions in the originating country of each currency and the United States, including economic and political developments in other countries. Currency exchange rates may be particularly affected by the relative rates of inflation, interest rate levels, the balance of payments and the extent of governmental surpluses or deficits in such foreign countries and in the United States, all of which are in turn sensitive to the monetary, fiscal and trade policies pursued by the governments of such foreign countries, the United States and other countries important to international trade and finance.

In addition, governments, including those issuing currencies, may use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the exchange rates of their respective currencies. They may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. The liquidity and trading value of a currency portfolio could be affected by (i) the actions of sovereign governments, which could change or interfere with theretofore freely determined currency valuation, (ii) fluctuations in response to other market forces and (iii) the movement of currencies across borders.

It would be possible for substantially all of a Fund’s open positions to move against it at or about the same time. In light of such volatility, investors should consider their investments in any Fund that pursues this strategy to be long-term.

*Foreign Exchanges and Currency Conversions.* The Funds may invest in securities and commodity contracts on exchanges located outside the United States. Trading on such exchanges is not regulated by any U.S. regulator and may, therefore, be subject to more risks than trading on U.S. exchanges. Other considerations include exchange control regulations, reduced and less reliable information about issuers and markets, different accounting standards, illiquidity of securities and markets, higher brokerage commissions and custody fees, local economic or political instability and greater market risk in general. In addition, dividends paid by non-U.S. issuers may be subject to withholding and other non-U.S. taxes that may decrease the net return on these investments. Moreover, unless a Fund hedges itself against fluctuations in the exchange rates between the U.S. dollar, the euro and the Swiss franc and the currencies in which trading is done on such exchanges, any potential profits could be eliminated and losses could be incurred as a result of adverse changes in exchange rates. Finally, a Fund may have to convert assets in its accounts into other currencies in order to meet margin requirements. In such cases, a Fund will attempt to hedge itself against fluctuations in the exchange rates. Such hedging may or may not be successful. As a result of fluctuations in exchange rates and hedging transactions, the performance of interests in a Fund may vary. In addition, in the case of a Fund that has issued multiple classes of interests, investors in one or more classes may be compelled to bear the liabilities incurred in respect of other classes that such investors do not themselves own if there are insufficient assets in those other classes to satisfy those liabilities. Accordingly, there is a risk that liabilities of one class may not be limited to that particular class and may be required to be paid out of one or more other classes.

*High Yield Securities.* Funds may purchase and/or hold “high yield” bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominately speculative with respect to the issuers’ capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may contribute to a decrease in the value and liquidity of such lower-rated securities.

*Distressed Securities and Special Opportunities Investments.* Funds may purchase and/or hold securities of issuers in weak financial condition, experiencing poor operating results, having substantial financial or capital needs or negative net worth (including start-up companies), facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganization proceedings. Investments of this type involve substantial financial business risks that can result in substantial or total losses. Among the problems involved in assessing and making investments in troubled issuers is that it frequently may be difficult to obtain information as to the condition of such issuers. Such investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court’s

power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of the securities of such issuers are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such securities may be greater than normally expected. It may take a number of years for the market prices of such securities to reflect their intrinsic values. It is anticipated that some of such securities in a Fund's portfolio may not be widely traded, and that a Fund's position in such securities may be substantial in relation to the market for such securities. These types of securities require active monitoring and may, at times, require Moore Group to participate in bankruptcy or reorganization proceedings. To the extent that we become involved in such proceedings, we may have a more active participation in the affairs of the issuer than that assumed generally by an investor. In addition, our participation in such proceedings may restrict or limit the Funds' ability to trade securities of that company.

*Prime Brokers.* Securities and cash held in customers' accounts at prime brokers that are U.S. registered broker-dealers will not be available to the non-customer creditors of the prime broker. Nonetheless, if the prime broker becomes insolvent and there were not sufficient customer assets to pay all customers in full, then the securities and cash held in customers' accounts at the prime broker would be distributed pro rata among customers. Different results may occur in the event that a U.S. prime broker sub-custodies its assets with a foreign sub-custodian outside the United States. Different results, including loss of U.S. regulatory protections, also may occur in the event that the customer of a U.S. prime broker permitted the prime broker to (i) rehypothecate or lend its assets, or (ii) transfer its assets to a prime broker or other entity that is not a U.S. registered broker-dealer. If assets are held by a prime broker that is not a U.S. registered broker-dealer, the U.S. regulatory protections do not apply. In certain jurisdictions, with authority from the customer, such assets may be borrowed, lent or otherwise used by the prime broker for its own purposes. In the event of the insolvency of the prime broker, customers may rank as unsecured creditors and may not be able to recover equivalent assets in full.

*Investment in Emerging Countries and Markets.* Investment in non U.S. securities and markets, particularly those of companies in emerging countries and markets, may be subject to different and greater risks than purely U.S. investment because of a variety of factors, including currency controls and the fluctuation of currency exchange rates, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. Other factors may include high rates of inflation and the potential for substantial depreciation in the value of local currencies. In fact, substantial short-term volatility in these markets and significant declines are not uncommon. Restrictions on currency trading that may be imposed by emerging countries will have an adverse effect on the value of the securities of companies that trade or operate in such countries.

In many cases, the economies of emerging countries are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which emerging countries trade. These economies also may have been and may continue to be adversely affected by economic conditions in the countries with which they trade.

There may be less publicly available information about non-U.S. issuers than about U.S. issuers, and certain non-U.S. issuers are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those for U.S. issuers. Securities of some non-U.S. issuers are less liquid and more volatile than securities of comparable U.S. issuers and non-U.S. brokerage commissions are generally higher than in the United States. Non-U.S. securities markets may also be less liquid and more volatile than those in the United States. In addition, currencies of some non-U.S. countries are also less liquid and more volatile than currencies of larger nations. There also is generally less governmental supervision and regulation of non-U.S. securities markets, brokers and securities issuers than in the United States.

*Illiquidity of Securities and Markets in Emerging Countries.* Securities in which a Fund may invest may include those that are either listed on one or more stock exchanges or traded over the counter, as well as those that are not publicly traded. In the case of securities that are listed or traded on organized exchanges or other markets, there may be less market liquidity than would typically be available for companies of comparable size that are traded in the securities markets of developed countries. This reduced liquidity may diminish the Fund's ability to act on investment information and research in both buying and selling securities. In addition, it may limit the size of investments and increase the cost of transacting in such markets.

Securities that are not publicly traded may be resold in privately negotiated transactions, but they may be less liquid than publicly traded securities and the prices realized upon their resale may be less than those that could be realized if the securities were publicly traded. Furthermore, companies whose securities are not publicly traded may be in early stages of development, which may involve substantial business and financial risks. Such companies may not be subject to the disclosure and other investor protection requirements that may apply in the case of publicly traded securities. If such securities are required to be registered under the securities laws of one or more jurisdictions before being sold, the expenses of such registration may be chargeable against the proceeds of the sale.

*Political and Legal Factors.* A Fund may invest in emerging countries where there is a high potential return on invested capital but also a high degree of either political or economic risk, or both, or where existing regulations may impede repatriation of investment capital or earnings. In such cases, the potential return may be offset, or more than offset, as a result of adverse political or other developments. In that regard, it is generally the case that investments in any emerging country could be affected by factors not present in the United States, including nationalization, expropriation without just compensation, exchange controls, confiscatory taxation, political changes, governmental regulation, social, political or diplomatic instability (including military or other internal political coups, insurrections and wars) and potential difficulties in enforcing contractual obligations.

In addition, the legal systems in emerging countries are often not as sophisticated as those in the United States or other developed nations and it may be difficult to predict with any degree of assurance the resolution of legal questions presented in adjudications or other governmental proceedings. In addition, the availability of judicial and other remedies may, as a practical matter as well as a legal matter, be far more restricted than in the United States or other developed

countries. These factors may adversely affect the companies in which the Fund invests as well as the enforceability of the rights of the Fund as a security holder in such companies.

*Investment and Repatriation Restrictions.* Some emerging countries have laws and regulations that preclude direct foreign investment in the securities of their companies. In certain emerging countries, however, indirect foreign investment in the securities of companies listed and traded on the stock exchanges in those countries is permitted through investment funds that have been specifically authorized. A Fund may invest in these investment funds and, in such a case, the Fund will bear its proportionate share of the expenses of the investment fund.

In addition, in some emerging countries prior governmental approval for foreign investments may be required under certain circumstances. Moreover, the extent of foreign investment in domestic companies may be limited. Foreign ownership limitations also may be imposed by the charters of individual companies in emerging countries to prevent, among other concerns, violation of foreign investment limitations.

Repatriation of investment income, capital and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. The Fund could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging countries on interest or dividends paid on securities purchased by the Fund or gains from the disposition of such securities.

*Aggregation of Orders.* If a portfolio manager deems an investment in a security, future or currency to be appropriate for more than one account over which he or she exercises trading authority, Moore may aggregate the orders into a single bulk order, provided that the aggregation of the order is consistent with seeking best execution. Each account participating in a bulk order will generally be allocated an average price for the order. If a bulk order is only partially filled as of the end of a trading day, a Fund generally will receive a pro-rata allocation of the purchase or sale, based on the size of the Fund's original order, subject to adjustment for rounding and odd lots or other relevant factors. For initial public offerings and secondary offerings, Moore may aggregate orders for more than one portfolio manager.

*Systemic Risk.* Credit risk may arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which the Funds interact on a daily basis.

*Other Investment Managers.* As part of our investment strategy, we may allocate portions of the Funds' assets to (i) other investment funds that we manage and investment managers related to Moore and (ii) independent investment managers. The independent managers generally have total investment discretion over the assets allocated to them, including discretion to make illiquid investments. Some of these independent managers may be former employees of Moore Group or other persons with whom we may establish contractual relationships that, among other things, require the manager to provide us with reports permitting us to monitor the manager's

risk profile and allow a Fund to liquidate its allocation to the manager in a timely manner under certain circumstances. There is no assurance, however, that these contractual provisions will permit a Fund to avoid losses. Allocations to other investment funds that we manage, investment managers related to Moore, and to independent managers may constitute a substantial portion of a Fund's investment portfolio. We conduct due diligence and monitor the performance on an ongoing basis of all investment vehicles managed by other managers ("Portfolio Funds"). Nonetheless, Portfolio Funds may conduct business with different custodians, banks, brokers, dealers and counterparties than those utilized by the Fund. Finally, the Fund will rely on net asset values of the Portfolio Funds provided by the Portfolio Funds in calculating the Fund's net asset value.

These arrangements also may involve potential conflicts of interest. For example, the reports we receive from an independent manager could provide certain insights into such manager's trading strategies, and such information could be susceptible to misuse. Further, if we have a financial interest in the manager, we could have a conflict between our duty to allocate a Fund's assets in the best interests of the Fund's investors and our interest in the manager's financial success. To address these issues, we have adopted procedures that we believe are reasonably designed to ensure that we place the interests of the Funds first and that we comply with applicable laws with regard to the information and reports we receive.

*Frequent Trading and Execution Risk.* In pursuit of each Fund's investment objectives, we may often engage in strategies involving the rapid execution of trades, a high volume of trades, complex trades, difficult to execute trades, use of negotiated terms with counterparties such as in the use of derivatives and the execution of trades involving less common or novel instruments. In each case, we seek best execution and have trained our execution and operational staff devoted to executing, settling and clearing such trades. However, in light of the high volumes, complexity and global diversity involved, some slippage, errors and miscommunications with brokers and counterparties are inevitable and may result in losses to a Fund. Examples of trade errors include: (i) the placement of orders (either purchases or sales) in excess of the amount of instruments Moore Capital Management intended to trade; (ii) the sale of an instrument when it should have been purchased; (iii) the purchase of an instrument when it should have been sold; (iv) the purchase or sale of the wrong instrument; (v) the purchase or sale of an instrument contrary to explicit regulatory restrictions or any Fund investment guidelines or explicit restrictions; and (vi) incorrect allocations of instruments. Such losses may be caused by the Fund's brokers and counterparties or by Moore Group or by that of a combination of the broker or counterparty and Moore Group. Losses arising from trade errors generally are for the account of the Funds. We may, but are not required to, attempt to recover losses from brokers or counterparties. Moore Group is not liable to a Fund for losses caused by brokers or counterparties, by its own negligence or by that of a combination of the broker or counterparty and itself. Moore Group will be liable to the Fund for acts that constitute willful malfeasance or gross negligence, in the event that Moore Group failed to act in good faith in the reasonable belief that such actions were in, or not opposed to, the best interests of the Fund or if Moore Group is liable to the Fund for damages under the securities laws of the United States. Moore Capital Management has the sole discretion to determine whether a trade error was the result of gross negligence, and will be conflicted when making such a determination. Interests in the Fund are only available for subscription by investors who understand that they and the Fund are waiving potential claims for damages arising from the

operation of the Fund, including damages resulting from Moore Group's own negligence, and who expect some execution losses to the Fund.

*Limitation on Liability/Indemnification.* Under the exculpatory provisions of the investment management agreements, Moore Group, its principals and affiliates, and their partners, directors, officers and employees are not liable to a Fund or any of its shareholders, members or limited partners except by reason of acts or omissions constituting willful malfeasance, gross negligence, and for not having acted in good faith in the reasonable belief that such actions were in, or not opposed to, the best interests of the Fund.

Each Fund has agreed to indemnify Moore Group, its principals and affiliates, and their partners directors, officers and employees against any loss, liability, damage, cost or expense resulting from any claim, action or proceeding relating to the business or activities undertaken by them on behalf of the Fund or actions taken or omitted to be taken by Moore Group in its capacity as investment manager, provided that the conduct of such person did not constitute willful malfeasance or gross negligence and that the person acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Fund.

*Management of Proprietary and Other Customer Accounts by Moore Group and Its Affiliates.* Please see Item 11 of this brochure for a discussion of certain conflicts of interest associated with our management of proprietary accounts. Our customer accounts consist of several Funds. The investment methods and strategies that we use in managing various customer accounts as well as our proprietary accounts may be the same or different. When we use the same strategy for multiple customer accounts, such accounts may nonetheless yield different results based on factors including the timing of trades and size of accounts, as well as hedging and/or portfolio adjustment trading undertaken in one account and not the other. Moore Capital Management and one or more Leveraged Feeders (as defined below under "Leveraged Program for Members of the Moore Group and Certain Third Party Investors") may invest in the same master fund as the Investor Funds (collectively, the "Moore Feeders"). The capital invested by the Moore Feeders may represent a substantial portion of a master fund's assets. The Moore Feeders may differ from the Investor Funds in terms of eligible investors, tax structure, applicable management fees and profit share allocations, redemption features and other terms. In addition, Moore Capital Management may, in its discretion, pay the organizational or other expenses of certain Moore Feeders. The Moore Feeders will be able to withdraw some or all of their investments in a master fund at any time at Moore's discretion, and they may make withdrawals more frequently than shareholders in an Investor Fund without any penalty. As in any "master feeder" structure, substantial withdrawals by larger feeders may materially affect smaller feeders in that *pro rata* operating expenses may increase, and the relevant master fund's investment portfolio may become less diverse and more volatile. Substantial withdrawals may require liquidations of a master fund's investment portfolio at disadvantageous prices and could leave the master fund and therefore the remaining feeders, including Investor Funds, with more illiquid holdings. Thus, Moore Capital Management may have a conflict between its obligation to act in the best interest of a Fund and its obligations to the Moore Feeders in connection with determining whether or not to make substantial withdrawals from a master fund. Moore Capital Management will endeavor to resolve any conflict in a manner that treats the affected Funds and the Moore Feeders fairly, but investors

should note, and in investing in a Fund are acknowledging and accepting that, in certain situations, resolution of such a conflict could adversely affect the Fund.

*Substantial Fees and Expenses.* Each Fund's operating expenses, which include, among other items, trading and investment expenses, costs related to principal transactions, interest expense, dividend expense and dividend withholding, as well as administrative, legal and accounting expenses, are expected to equal a substantial percentage of the Fund's net assets each year. These expenses are in addition to the Management Fees and Profit Share Allocations charged to a Fund, and the amounts of each expense are reflected in the Fund's annual report available from the Fund's administrator. Profit Share Allocations are based on realized and unrealized gains and losses as of each Profit Share Allocation Date. As a result, Profit Share Allocations could be made on unrealized gains that may never be realized. Further, making Profit Share Allocations based on trading profits may create an incentive for Moore Group to select riskier or more speculative investments than would be the case in the absence of such allocations.

*Subsidiary Investment Fund Funding.* The Investor Funds often allocate capital, both individually and alongside other Funds that we manage, to Investment Subsidiaries which are trading entities that we manage through the use of capital funding agreements along with cash subscriptions. Decisions with respect to the use of capital funding agreements by a Fund are based on our assessment of appropriate cash allocations necessary to best support trading in the Fund and the trading entities receiving the capital funding agreements. These allocation decisions may be made on a daily basis. If a Fund invests in the trading entities alongside other Funds managed by the Moore Group, the Fund may employ a larger or smaller proportion of capital funding agreements to cash than such other funds. If all or a portion of a Fund's subscription commitments to trading entities that were funded with capital funding agreements were called by such trading entities in the same timeframe, the Fund could be faced with a drain on its liquidity. In order to fund such capital funding agreements under these circumstances, a Fund might be forced to liquidate its investments at inopportune times in the market and might suffer trading losses as a result. In addition, the Fund will be subject to the credit risk of the other Funds managed by the Moore Group alongside which the Fund allocates capital to the trading entities, to the extent that one or more of such other Funds were to default on their respective capital funding agreements. In such event, the trading entities in which the Fund invests, and therefore the Fund, could suffer trading losses, and the trading entities might be forced to liquidate all or part of the trading entities' portfolio at inopportune times and prices.

*Leveraged Program for Members of the Moore Group and Certain Third Party Investors.* A general partner of the underlying master fund may invest in the master fund, directly and/or through an investment vehicle separately organized by Moore Capital Management that allows for investments on a leveraged basis (a "Moore Leveraged Feeder"). Other members of the Moore Group may also invest in the Moore Leveraged Feeder. As with the general partner's other investments in the master fund, the Moore Leveraged Feeder's investment will not be charged management fees or profit share allocations. In addition, Moore Capital Management may permit certain third party investors to invest in the master fund through one or more investment vehicles separately organized by Moore Capital Management that allow such investors to invest on a leveraged basis (each, together with the Moore Leveraged Feeder, a "Leveraged Feeder"). In connection with making such investment in the master fund, each



Leveraged Feeder will borrow additional funds for investment in the master fund from institutional lenders, and the Leveraged Feeder will grant to each lender a security interest in the Leveraged Feeder's investment in the master fund. If certain thresholds relating to the investment profile of the master fund are exceeded, a lender may require prepayment of the loan, and, in the event of a default, the lender's security interest would enable it to redeem a Leveraged Feeder's interest in the master fund generally in accordance with the Fund's standard redemption procedures. A withdrawal by a lender of a Leveraged Feeder's investment in the master fund could result in a reduction in capital in the master fund. Further, the proceeds of such a withdrawal may have to be funded through the liquidation of portfolio positions at times and/or prices that might not be advantageous to the investors in the Fund or to the Fund as a whole.

*Our Other Activities.* We currently manage different Funds and may manage other Funds in the future. Orders for various accounts may occur contemporaneously. We are not subject to any specific limit as to the number of accounts which we may manage. The performance of a Fund's investments could be adversely affected by the manner in which particular orders are entered for all such accounts. Additionally, please see our response to Item 5 for a description of other services we provide.

*Taxes.* Each Investor Fund's private offering document contains disclosure of various tax considerations associated with an investment in that Fund. These disclosures are for the purpose of providing general information only, are not intended to be a substitute for the advice of an investor's own tax and legal advisors, and should not be interpreted as legal or tax advice. Investors are advised to consult their own tax advisors and counsel with respect to their particular tax position before investing in a Fund. No advance tax ruling has been sought in connection with the operations of the Funds or the investment in interests in the Funds and there is no assurance that United States, Bahamian or other tax authorities will agree with the statements described in the Funds' private offering documents. In selecting investments for the Funds, consideration may be given to an instrument's tax treatment under U.S. law. We may establish positions in exchange traded instruments, rather than derivative contracts on the same underlying security or other asset, in order to minimize the potential tax liability of a Fund's U.S. taxable investors, a majority of which may be members of the Moore Group. While consideration may be given to the U.S. tax consequences of various investments, we will not establish a position unless we determine that establishing the position is in the overall best interests of the relevant Fund.

*Foreign Taxes.* A Fund may invest in securities of entities engaged in business, organized or resident in foreign countries. Many foreign sovereigns impose a withholding tax on payments of interest, dividends and capital gains to investors residing in other countries and not otherwise subject to tax by that sovereign.

*Accounting for Uncertainty in Income Taxes.* In June 2006, the Financial Accounting Standards Board ("FASB") released final Interpretation No. 48, Accounting for Uncertainty in Income Taxes ("FIN 48"), to provide consistent guidance on the recognition of uncertain tax positions. FIN 48 applies to all tax positions related to income taxes subject to FASB Statement No. 109, Accounting for Income Taxes and has since been codified as part of the FASB's Accounting Standard Codification 740 ("ASC 740"). ASC 740 prescribes the minimum

recognition threshold that a tax position is required to meet before being recognized in an entity's financial statements. It also provides guidance on derecognition, measurement, classification and interest and penalties with respect to tax positions. A prospective investor should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the Net Asset Value of the Funds, including reducing the Net Asset Value of the Funds to reflect reserves for income taxes that may be payable in respect of then current and/or prior periods by a Fund. This could cause benefits or detriments to certain shareholders, depending upon the timing of their entry to, and exit from, a Fund.

*Cyber-Security.* Like other business enterprises, the use of the Internet and other electronic media and technology exposes the Funds, the Moore Group, and their respective service providers, and their respective operations, to potential risks from cyber-security attacks or incidents (collectively, "cyber-events"). Cyber-events may include, for example, unauthorized access to systems, networks or devices (such as, for example, through "hacking" activity), infection from computer viruses or other malicious software code, and attacks which shut down, disable, slow or otherwise disrupt operations, business processes or website access or functionality. In addition to intentional cyber-events, unintentional cyber-events can occur, such as, for example, the inadvertent release of confidential information. Any cyber-event could adversely impact the Funds, the Moore Group and their respective investors and cause financial loss and expense, as well as exposure to regulatory penalties, reputational damage, and additional costs associated with corrective measures. A cyber-security breach could also result in the loss or theft of investor data. A cyber-event may cause the Funds, the Moore Group or their respective service providers, to lose proprietary information, suffer data corruption, lose operational capacity (such as, for example, the loss of the ability to process transactions, calculate a Fund's net asset value, or allow investors to transact business), and/or fail to comply with applicable privacy and other laws. Among other potentially harmful effects, cyber-events also may result in theft, unauthorized monitoring and failures in the physical infrastructure or operating systems that support the Funds, the Moore Group and/or their respective service providers. In addition, cyber-events affecting issuers in which a Fund invests could cause the Fund's investments to lose value. The nature of malicious cyber-attacks is becoming increasingly sophisticated and the Moore Group and the Funds cannot control the cyber systems and cyber-security systems of the issuers of the securities held by the Funds or third party service providers.

## **Risk Management**

Risk measurement, reporting and analysis within Moore Group are the responsibility of the Risk Management Group. Monitoring of trading risk controls is the responsibility of the Risk Management Group.

The portfolio managers and Moore Capital Management, through the Risk Management hierarchy, attempt to control exposure to risk through various tools and methods. These may include, among others, analysis of the relative risk of alternative instruments that could be used to express a particular market view and consideration of the impact of various market and portfolio factors on the sizing of positions. In addition, Moore Capital Management may also, from time to time, choose to use specific quantitative portfolio risk controls related to drawdown, concentration or other measures. Each portfolio manager's trading mandate is

limited by the markets, financial products and geography within which views can be expressed. A drawdown protocol is put in place in an attempt to limit potential losses to predefined levels.

*Risk Measurement.* Risk is measured and monitored using a variety of methods, including among others:

**STATISTICAL RISK MEASURES.** Moore Group employs several statistical measures to estimate the potential losses within the portfolio, including variations of Value-at-Risk.

**SENSITIVITY-BASED RISK MEASURES.** This method identifies changes in valuation resulting from changing individual market risk factors. This type of measure is also useful in identification of appropriate hedging instruments.

**SCENARIO-BASED STRESS TESTING.** This is a method for determining the potential portfolio losses that can be ascribed to specific (sometimes very large) simultaneous changes in market prices and rates. Scenarios may represent hypothetical economic events or may mimic actual historical market events.

**BACK-TESTING.** This is a method for comparing the realized returns from risk-taking to the forecast estimates of portfolio risk generated by the statistical risk model.

*Risk Reporting.* Risk reports are produced at various frequencies, including daily. These reports have different circulations, depending on the content. Recipients of risk reports include Risk Management and the portfolio managers.

Because different investment strategies have different risk characteristics, not all of the processes described above may be suitable for all portfolios.

## **Item 9 - Disciplinary Information**

Not applicable.

## **Item 10 - Other Financial Industry Activities and Affiliations**

In light of internal Moore Group restructuring, many Moore Capital Management employees are now employed by its affiliate Moore Capital Management, LLC (“MCM LLC”). MCM LLC provides services to Moore Capital Management

In addition to serving as the Funds’ investment adviser, Moore Capital Management is commodity trading advisor for the Funds. In addition, Mr. Bacon is a registered commodity trading advisor, and certain of our management persons are registered as associated persons or listed as principals of Moore Capital Management and/or one or more of the affiliated commodity trading advisors or commodity pool operators listed below.

Certain of Moore Group’s related persons are registered commodity pool operators and/or commodity trading advisors for the Funds. These entities are the following:

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- Moore Capital Advisors, L.L.C. (“MCA”), the general partner of Moore Capital Management, is a registered commodity pool operator for certain Funds.
- Moore Financial Services, Inc. (“MFS”), a related person of Moore Group, is a registered commodity pool operator for certain Funds.

The services of Moore Capital Management’s London based affiliate, Moore Europe Capital Management, LLP (“Moore Europe”) and MECM, Limited (“MECM”), utilized on behalf of Moore Capital Management and the Funds. Moore Europe provides portfolio management, trade execution, macro-economic, political and policy research and market analysis with respect to global markets. Moore Europe is authorized and regulated by the UK Financial Conduct Authority (formerly, the Financial Services Authority) to provide various services, including portfolio management services, but not to act as an AIFM (as such term is defined in the AIFM Directive). MECM operates as a family office of Mr. Bacon, as well as providing intra-group operational support services to Moore Europe. MECM is neither authorized nor regulated by the FCA, and its activities are limited in the UK to those services which it is able to provide without needing any such authorization or regulation. The Funds do not incur any additional fees with respect to the services of Moore Europe or MECM.

Moore Capital Management also uses the services of its Hong Kong based affiliate, Moore Capital Asia Limited (“Moore Asia”). Moore Asia provides portfolio management, research, market analysis and trade execution to Moore Capital Management. Moore Asia is regulated by the Securities and Futures Commission in Hong Kong. The Funds do not incur any additional fees with respect to the services of Moore Asia.

*Use of Other Managers.* Please see the discussion of *Other Managers* in Item 8, above.

## **Item 11 - Code of Ethics, Participation in Client Transactions and Personal Trading**

*General.* Moore Group seeks to provide fair and equitable treatment to all of its Funds and, as described below, has personal account dealing policies and procedures in place as well as other policies and procedures designed to minimize potential conflicts of interest. Nonetheless, Moore Group and its affiliates and their principals and employees (collectively, the “Moore Group Parties”) may invest for their own accounts. When any of the Moore Group Parties invests for their proprietary accounts, they may or may not invest in parallel with the Funds. Any of the Moore Group Parties at times may invest their proprietary accounts by employing different investment strategies, investing in private equities, effecting a different number of contracts, utilizing a different degree of leverage, testing new markets, conducting experimental investments to test new methods or variations of basic investment methods and strategies, and by using markets which any of the Moore Group Parties judge to be too illiquid or volatile for investment by the Funds. Moreover, any of the Moore Group Parties at times may take positions in their proprietary accounts that are the same as or the opposite of those taken by the Moore Group on behalf of the Funds. Moore Group often causes the Funds to invest in other investment funds, including those managed by the Moore Group. Certain Moore Funds may invest from time to time in trading entities that are managed by the Moore Group, and in which Moore Group Parties may also invest and may own a majority or other controlling interest. Some of these trading entities may trade alongside the Moore Funds and may

present a different risk profile from the Moore Funds. They may also co-invest alongside the Moore Funds in other Moore Group-managed trading vehicles. Moore Group Parties and the Funds may make investments in an investment fund at the same or different times. In some cases, conflicts of interest may arise as a result of Moore Group Parties' investments. For example, if one of the Moore Group Parties makes investments in an investment fund before a Fund invests in the same investment fund, there may be less capacity remaining in the investment fund for the Fund to invest. The timing of purchases and sales of various investments by the Moore Group Parties may be determined without reference to the investment strategy of any Fund that is invested in the same investments, and therefore may be different from the timing of purchases or sales by the Funds. Thus, for example, any of the Moore Group Parties could redeem or sell investments and achieve profits at a time when a Fund does not. Moreover, since investments in funds made by the Moore Group Parties, directly or indirectly, may bear reduced advisory fees, Moore Group Parties could achieve profits when a customer account does not.

When any of the Moore Group Parties place the same or similar orders at or about the same time for Fund and proprietary accounts, Fund orders generally will be filled first. The difference in timing of orders, however, may result in some accounts, including proprietary accounts, receiving better prices than other accounts. Although the Moore Group Parties do not seek preferential brokerage commission rates for proprietary investments, it is possible that proprietary investments may be charged brokerage commission rates that are lower than the rates that the Funds normally will be charged by their brokers. In light of the foregoing, proprietary accounts may produce investment results that are different from those experienced by the Funds.

*Code of Ethics.* Moore Group has adopted a Code of Ethics and Conflicts of Interest Policy which states that each of our employees shall place the interests of the Funds first. Employees are permitted to invest in securities and other investment products for their own accounts, but may not use their knowledge of the Funds' portfolio transactions to benefit themselves. We do not impose a set limit on the amount of trading employees may conduct for their own accounts, but we require employees to refrain from excessive trading. Employees are required to hold personal investments for a minimum of thirty calendar days, subject to certain limited exceptions.

Our Code of Ethics requires employees to disclose all personal investments upon hire and at least annually thereafter, report all personal securities transactions at least quarterly, disclose all personal investment accounts, and maintain their personal investment accounts with designated broker-dealer firms. Exceptions may be made for accounts for which the employee does not maintain investment control or participate in the investment decisions. Employees generally must arrange for their brokers to send us duplicate trade confirmations and account statements for their transactions, and must separately report on a quarterly basis any transaction for which a duplicate confirmation was not sent, or which does not appear on an account statement.

Employees' personal securities transactions generally must be approved in advance, subject to certain limited exceptions. Employees are prohibited from acquiring any securities in an initial public offering, while securities may be acquired in a secondary public offering with prior

approval. Employees must obtain prior approval before acquiring any security in a private placement or investing in a private investment fund.

Our Code of Ethics requires employees to obtain prior approval to engage in certain outside business activities (such as serving as a director of a company). The Code of Ethics also prohibits employees from accepting gifts of material value from vendors, service providers, and counterparties. Employees are allowed to participate in customary business entertainment with broker-dealers, counterparties, and other persons with whom Moore Group, its affiliates or the Funds do business. Participation in such events may be viewed as causing a conflict of interest for Moore Group in selecting broker-dealers or other service providers. However, our Code of Ethics requires employees to comply with certain requirements which are intended to protect against such conflicts.

Existing or prospective clients may obtain a copy of Moore Group's Code of Ethics upon written request directed to Director of Compliance, Moore Capital Management, LP, 11 Times Square, New York, NY 10036.

## **Item 12 - Brokerage Practices**

Moore Group has complete discretion to determine, subject to each Fund's disclosed investment objectives, policies and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries to use in effecting transactions for the Funds, and the commission rates to be paid for such transactions. A more detailed discussion of how we make use of this authority follows.

*Brokerage Transactions and Use of Soft Dollars.* Moore Group is solely responsible for selecting the commodities and securities broker or dealer used in each transaction that we institute for a Fund and negotiating the fees to be paid by the Fund to the broker-dealer in connection with such transactions. Consistent with Moore's objective to obtain efficient executions, we may place orders with brokers who also provide research and brokerage services to the Funds and us, or pay the costs of such services (including the payment of such costs for which the Fund, Moore Group or its affiliates otherwise would be obligated), provided such research and brokerage services are to be used in connection with the investment management process. These research and brokerage services may include, but will not be limited to, the following: written information and analyses concerning specific security or commodity interests, issuers or sectors; market, financial or economic data, studies or forecasts; financial publications that are not mass-marketed; statistics or pricing services, as well as discussions with research personnel; software; clearance, settlement and short-term custody services; communication services related to the execution, clearing and settlement of securities transactions; and consulting services utilized in connection with investment strategy. Accordingly, the Fund may be deemed to be paying for research and brokerage services with "soft" or "client commission" dollars or credits, through commission sharing agreements, or otherwise.

We intend that our brokerage allocation practices and policies (including arrangements whereby brokers provide research and/or brokerage services to us for soft dollars) will satisfy the conditions and requirements necessary to fall within the safe harbor created by Section 28(e)

of the Securities Exchange Act of 1934, as amended, which confers certain protections on money managers who use portfolio commissions from their customers' accounts to obtain research and brokerage services. The safe harbor provides that certain conduct is not deemed a violation of law or a breach of fiduciary duty, for example, and relieves a money manager from the obligation of justifying commission payments for research and brokerage services on an account- by-account basis.

Each Fund has consented and each investor, by signing a Fund's subscription agreement, consents to our obtaining such research and brokerage services from brokers in consideration of commissions, fees, charges or other remuneration generated by the execution of the Fund's portfolio transactions. We may use such research and brokerage services in connection with the management of any or all of the accounts we manage, and in our own proprietary investment activities. However, we will not necessarily use all such research and brokerage services in connection with the management of each of the Funds. A Fund may be charged higher brokerage commissions or other charges than might be obtainable if transactions were effected through brokers which do not provide research or brokerage services. We believe that such research and brokerage services will benefit the Funds by supplementing the research and brokerage services otherwise available to us and the Funds.

Obtaining research from brokers with commissions involves a conflict of interest in that we may have an incentive to cause the Funds to trade with certain brokers in order to obtain such research so that the Funds pay for the research, rather than us. In addition, executing trades with certain brokers in order to obtain research may conflict with our duty to seek best execution. We have adopted procedures intended to ensure that we use soft dollars to obtain research and brokerage services in accordance with applicable law. These procedures set forth the standards by which we will determine whether to enter into a soft dollar arrangement, and our procedures for reviewing and approving new soft dollar arrangements and for monitoring and reviewing existing arrangements. We generally do not obligate ourselves in advance to generate a particular amount of commissions in order to obtain research. We may, however, choose to pay in hard dollars the amount by which a broker's expectation exceeded the amount of commissions actually paid during a period of time.

Other investment managers that we may select to manage a portion of a Fund's assets will select their own brokers and may receive goods and services from those brokers that are not limited to those described above. Our affiliates, Moore Europe and Moore Asia, are authorized and regulated by the Financial Conduct Authority and the Securities and Futures Commission, respectively, and therefore their use of goods and services from brokers may be more limited than those described above.

*Aggregating Orders.* If a portfolio manager deems an investment in a security, future or currency to be appropriate for more than one Fund over which he or she exercises trading authority, we may aggregate the orders into a single bulk order, provided that the aggregation of the order is consistent with seeking best execution. Each Fund participating in a bulk order will generally be allocated an average price for the order. If a bulk order is only partially filled as of the end of a trading day, each participating Fund generally will receive a pro-rata allocation of the purchase or sale, based on the size of each Fund's original order, subject to adjustment for

rounding and odd lots or other relevant factors described below. For initial public offerings and secondary offerings, we may aggregate orders for more than one portfolio manager.

*Allocation of Investments (including New Issues).* The allocation of investment opportunities, including, but not limited to, with respect to equity securities in initial public offerings deemed “new issues” under the Financial Industry Regulatory Authority, Inc.’s (“FINRA”) Rules 5130 and 5131 (such securities, “New Issues”), may vary among the Funds due to, among other things: the investment programs, methods and/or strategies utilized on behalf of each account; differences in the size and uninvested capital of an account at the time an investment opportunity is available; inflows and outflows of equity into each account; each account’s risk parameters and any applicable regulatory limitations; the structure of an account and any tax considerations; differing areas of focus and/or specialties of portfolio managers; the timing in the placement of an order for an account; and differences in executing brokers. Of these factors, the primary emphasis usually will be the portfolio manager’s mandate and the broker. In connection with New Issues, these factors are relevant when there is more than one Fund that is eligible to purchase New Issues that is participating in the offering. Certain of the Funds are not currently structured to allow investments in New Issues under the FINRA rules.

Investors in a Fund who are “restricted persons” under FINRA Rule 5130, or executive officers or directors of public companies or covered nonpublic companies as defined in FINRA Rule 5131, or persons materially supported by such persons (“covered persons”), generally do not receive allocations of profits and losses attributable to New Issues on their first day of trading (including any secondary market trading). “Restricted persons” and “covered persons” may indirectly receive allocations of a Fund’s New Issues profits and losses through their investments in entities that have invested in the Fund. In the future, Moore Capital Management may, in its sole discretion, choose to allocate up to 10% of the profits and losses attributable to New Issues to all partners who are “restricted persons,” and/or “covered persons” in accordance with FINRA rules, in which case Moore Group members would share pro rata in profits and losses attributable to New Issues allocated to restricted persons and covered persons. The performance of the capital accounts of investors who receive allocations of profit and loss from New Issues will differ from that of the capital accounts of other investors or of any other account managed by the Moore Group that do not share in the profits and losses derived from New Issues.

Certain Funds may invest, directly or indirectly, in the initial public offerings of equity securities of non-U.S. issuers. To the extent that initial public offerings of non-U.S. securities are sold through non-U.S. broker-dealers that are not FINRA members, the above rules will not be applicable.

### **Item 13 - Review of Accounts**

Moore Capital Management monitors and reviews each Fund continuously. Numerous groups are involved in this process. These groups, include but are not limited to: our portfolio managers who monitor and review positions and risk on a daily basis, our Daily Valuation Group, whose work supports our senior management and portfolio managers in trading and risk management decisions, our Operations Department, which is responsible for trade support (matching and validation), confirmations, settlements, and position reconciliation on a daily basis, our Treasury Group, which is responsible for daily cash and liquidity management,



collateral management, and other matters, our Financial Reporting Group, which is responsible for allocating profits and losses among the Funds, and calculating and accruing the Management Fees and Profit Share Allocations, among other things and our Legal and Compliance Group, whose work supports the investment management personnel and monitors regulatory risks, among other things.

In addition, each Fund is monitored and regularly reviewed by our Risk Management Group. Risk Management is a separate group within Moore Group, and plays a significant role in implementing the Funds' investment strategies. While our investment strategy relies on fundamental analysis and price and market analysis, a portfolio manager and/or the Risk Management Group analyze risk with respect to portfolio positions. We try to minimize exposure to risk through examining the efficiency and risk of instruments we wish to use to express a market view, determining the optimal size of a position, and analyzing the correlation of a position or market sector to other positions and sectors represented in the portfolio. We may determine the size of positions to be initiated by assessing the risk the positions represent as well as the risk of the total portfolio, with the recognition that there is no way to fully determine future risk based on past risk parameters. We use our judgment to determine the appropriate time frame in which to judge volatility and the timing and magnitude of the risk to be assumed. We may engage in separate risk management strategies with respect to any Fund share class should extraordinary events occur which we believe may influence the currency in which that class is denominated.

The risk management process incorporates (i) assessment of risk by individual portfolio managers, (ii) a risk analysis system that measures each Fund's risk relative to each portfolio manager, (iii) scenario analysis, stress testing and other measures to assess risk, and (iv) a correlation matrix of strategies to attempt to assess whether market movements will adversely affect investment strategies. In assessing risk, the Risk Management Group relies on a number of processes, intended to determine the amount of risk to which a particular Fund is exposed. The Risk Management Group reports its analyses to Moore Capital Management's senior management on a regular basis, and more frequently as needed. Because different investment strategies have different risk characteristics, not all of the processes described above may be suitable for all Funds.

Investors in each Fund receive monthly written reports on the Fund's operations which contain information about the value of the Fund's net assets and the Fund's net asset value per share, and the Fund's annual report of financial condition, which is audited by an independent public accounting firm. Investors also receive periodic written communications from Moore Group discussing our investment views and strategies and the Funds' performance.

#### **Item 14 - Client Referrals and Other Compensation**

Our Code of Ethics and Conflicts of Interest Policy generally prohibits employees from accepting gifts, favors or other inducements from counterparties or service providers, excepting certain common business courtesies.

Moore Group does not compensate any person for referrals of clients. However, we pay cash compensation to certain financial intermediaries that, acting as placement agents for certain

Funds, solicit investors on behalf of those Funds. Each arrangement is subject to a written agreement between Moore Group and the intermediary, and provides for us to pay to the intermediary a fee, which may vary on a case by case basis.

### **Item 15 - Custody**

The Funds' funds and securities are held by qualified custodians. As noted in Item 13, above, Fund investors receive annual financial statements audited by an independent public accounting firm for the Funds in which they have invested.

### **Item 16 - Investment Discretion**

Moore Group exercises discretion in managing the investments of each Fund, based on the Fund's particular investment objectives, policies and strategies disclosed in its private offering documents. For more information, please see Item 4, above.

### **Item 17 - Voting Client Securities**

Moore Group has adopted written Proxy Voting Policies and Procedures intended to satisfy the requirements of Rule 206(4)-6 under the Investment Advisers Act of 1940. Following is a summary of the major provisions:

Moore Group is responsible for voting all proxies relating to securities held by the Funds;

In deciding how to vote a proxy, we attempt to consider all factors that could affect the value of the investment and will try to enhance the value of the affected Fund's portfolio by voting each proxy in a manner intended to maximize the company's stock price;

We have retained Institutional Shareholder Services ("ISS"), an independent expert on proxy voting and corporate governance, in order to facilitate the proxy voting process and avoid conflicts of interest that may arise;

We generally will vote proxies in a manner consistent with ISS's policy guidelines and proxy voting recommendations, except as specifically provided in our Proxy Voting Policies and Procedures. If a portfolio manager wants to have a proxy voted contrary to ISS's recommendation, Compliance approval is required;

In cases where ISS is unable to make a voting recommendation, our Compliance Director will evaluate the proxy to determine whether we have a material conflict of interest relating to the vote. If the Compliance Director determines that there is no material conflict of interest, we will vote in the best interest of the affected Fund. In cases where we have a material conflict of interest, we follow procedures intended to provide reasonable assurance that it will vote in the best interests of the affected Fund; and

The Funds may invest in non-U.S. securities. The laws and regulations governing shareholder rights and voting procedures differ around the world, and in certain countries, the requirements, restrictions or costs involved with voting may outweigh any benefit that the Funds would

receive by voting the proxies involved. In such cases, we may decide it is in the best interests of the Funds not to vote the applicable proxies.

Investors in a Fund may obtain copies of our Proxy Voting Policies and Procedures and information regarding how the Fund's proxies were voted by submitting a written request to Moore Group.

**Item 18 - Financial Information**

Information required by this item is not applicable to Moore Group.