

Item 1 – Cover Page

Part 2A of Form ADV: Firm Brochure

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This Form ADV Part 2A Brochure (“Brochure”) provides information about the qualifications and business practices of HG Vora Capital Management, LLC (“we”, “us” or “HG Vora”). If you have any questions about the contents of this Brochure, please contact us at (212) 707-4300. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about HG Vora is also available on the SEC’s website at www.adviserinfo.sec.gov by using a unique identifying number known as a CRD Number. HG Vora’s CRD number is 161788.

HG Vora is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration as an investment adviser does not imply any level of skill or training.

Item 2 – Material Changes

When amending the Brochure for the annual updating amendment, HG Vora is required to identify and discuss any material changes made to this Brochure since our last annual Form ADV amendment submitted on March 30, 2020. There were no material changes made to this Brochure since our last annual Form ADV amendment submitted on March 30, 2020.

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Item 4 – Advisory Business

Description

HG Vora commenced operations in April 2009. We were established to provide investment management services primarily to pooled investment vehicles. Our principal owner is Parag Vora (the “Principal”).

Types of Advisory Services

We are an investment management firm focused on event driven and value oriented strategies. We invest primarily in actively traded debt and equity instruments on a long and short basis. We also invest in less liquid opportunities for certain clients. We currently provide discretionary investment advisory services to nine pooled investment vehicles (each, a “Fund” and collectively, the “Funds”). The Funds include:

- HG Vora Special Opportunities Fund LP, a Delaware limited partnership (the “Special Opportunities Onshore Feeder”);
- HG Vora Special Opportunities Fund, Ltd., a Cayman Islands exempted company (the “Special Opportunities Offshore Feeder”, and together with the Special Opportunities Onshore Feeder, the “Special Opportunities Feeders”);
- HG Vora Special Opportunities Master Fund, Ltd., a Cayman Islands exempted company (the “Special Opportunities Master Fund”, and collectively with the Special Opportunities Feeders, the “Special Opportunities Fund”), which serves as the master fund with an actively managed portfolio into which the Special Opportunities Offshore Feeder invests all of its investable assets, and the Special Opportunities Onshore Feeder invests substantially all of its assets;
- HG Vora Opportunistic Capital Fund LP, a Delaware limited partnership (the “Opportunistic Capital Onshore Feeder”);
- HG Vora Opportunistic Capital Fund (Cayman) LP, a Cayman Islands exempted limited partnership (the “Opportunistic Capital Offshore Feeder”, and together with the Opportunistic Capital Onshore Feeder, the “Opportunistic Capital Feeders”);
- HG Vora Opportunistic Capital Master Fund LP, a Cayman Islands exempted limited partnership (the “Opportunistic Capital Master Fund”, and collectively with the Opportunistic Capital Feeders, the “Opportunistic Capital Fund”), which serves as the master fund with a managed portfolio into which the Opportunistic Capital Feeders invest all of their respective investable assets;
- Downriver Series LP, a Delaware series limited partnership (the “Downriver Onshore Feeder”);
- Downriver SPC Ltd., a Cayman Islands exempted segregated portfolio company (the “Downriver Offshore Feeder”, and together with the Downriver Onshore Feeder, the “Downriver Feeders”); and
- Downriver Master Fund SPC Ltd., a Cayman Islands exempted segregated portfolio company (the “Downriver Master Fund”, and collectively with the Downriver Feeders, the “Downriver Fund”), which serves as the master fund with segregated portfolios comprising managed portfolios into which the corresponding series of the Downriver Onshore Feeder and the corresponding segregated portfolio of the Downriver Offshore Feeder invest all of their respective investable assets.

The General Partner of the Special Opportunities Onshore Feeder is HG Vora (GP) LLC (the “Special Opportunities GP”), the General Partner of the Downriver Onshore Feeder is Downriver (GP) LLC (the “Downriver GP”), and the General Partner of each entity in the Opportunistic Capital Fund is HG Vora Opportunistic Capital (GP) LLC (the “Opportunistic Capital GP”).

The Downriver Fund is organized as a segregated portfolio platform through which investors will be offered the opportunity to participate in particular co-investment and/or special-situation opportunities. Each of the Downriver Feeders creates a separate series of interests or a segregated portfolio of shares, as applicable, for each investment opportunity, and these series and segregated portfolios invest all of their investable assets in a corresponding segregated portfolio of the Downriver Master Fund. The Downriver Feeders have currently offered one series of interests/shares (Downriver Series LP – Portfolio A and Downriver SPC Ltd., for and on behalf of its Segregated Portfolio A) corresponding to one segregated portfolio of the Downriver Master Fund (collectively, “Downriver Series A”). When the Downriver Fund offers additional segregated portfolios, each such segregated portfolio will be treated as a separate private fund client. Downriver Series A is currently in the process of winding down.

All investment portfolios are managed in accordance with each respective private fund client’s confidential private offering memorandum and/or confidential explanatory memorandum and memorandum and articles of associated or limited partnership agreement, as applicable (“Offering Documents”).

HG Vora does not tailor advisory services to the individual or particular needs of the investors in the Funds. Information about the Funds, including their investment objectives and strategies, is set forth in their respective Offering Documents. We have broad investment authority with respect to the Funds and since we do not provide individualized advice to the Funds’ investors, such investors should consider whether the investment objectives of the Funds are in line with their individual objectives and risk tolerance prior to investment.

We also provide investment advisory services to separately managed accounts (the “Managed Accounts”). These advisory services are tailored based on each individual client’s needs pursuant to a written investment management agreement, which may contain restrictions on our ability to invest in certain securities or types of securities.

As used herein, the term “client” generally refers to each Fund and each beneficial owner of a Managed Account.

Wrap Fee Programs

We do not participate in any wrap fee program.

Assets Under Discretionary and Non-Discretionary Management

As of January 31, 2021, we have regulatory assets under management managed on a discretionary basis of approximately \$9,483,947,659. As of December 31, 2020, we have regulatory assets under management managed on a non-discretionary basis of approximately \$174,703,837.

Item 5 – Fees and Compensation

Description

1. Special Opportunities Onshore Feeder

a. Management Fee

Generally, the Special Opportunities Onshore Feeder pays HG Vora a fee for investment management services (the “Management Fee”) calculated at the monthly rate of 0.125% per month (1.5% annually) of the value of each investor’s capital account. The Management Fee will be paid by the Special Opportunities Onshore Feeder quarterly in advance based on the value of each investor’s capital account as of the first day of each calendar quarter and is accrued monthly on each investor’s capital account without the accrual of incentive allocation, if any; provided, however, that in the case of a contribution occurring during a calendar quarter, the applicable Management Fee will be paid by the Special Opportunities Onshore Feeder as of the first day of the subsequent calendar quarter. In the case of a withdrawal occurring during a calendar quarter, any Management Fee previously paid after the relevant withdrawal date will be refunded to the Special Opportunities Onshore Feeder for the benefit of the relevant investor.

The Special Opportunities GP, in its sole discretion, may waive or modify, and has waived or modified, the Management Fee for investors that are members, employees or affiliates of the Special Opportunities GP or HG Vora, relatives of such persons and certain other investors. The Special Opportunities GP may, without the consent of the investors, cause the Management Fee to be charged to and paid by the Special Opportunities Master Fund instead of the Special Opportunities Onshore Feeder. To the extent the Management Fee is paid at the Special Opportunities Master Fund level, no Management Fee will be paid at the Special Opportunities Onshore Feeder level.

b. Incentive Allocation

Subject to a loss carryforward mechanism (also known as a highwater mark), at the end of each fiscal year an aggregate amount equal to 20% of the net profits (including realized and unrealized gains and losses on investments, subject to certain exceptions), if any, allocable to each investor’s capital account generally will be reallocated to the capital account of the Special Opportunities GP and to certain other individuals or entities (the “Incentive Allocation”). In the event that an investor withdraws capital or is required to retire at any time other than at the end of a fiscal year, such deduction will be made with respect to such investor as though it were being made at the end of a fiscal year. The Special Opportunities GP, in its sole discretion, may waive or modify, and has waived or modified, the Incentive Allocation for investors that are members, employees or affiliates of the Special Opportunities GP or HG Vora, relatives of such persons and certain other investors. The Special Opportunities GP may, without the consent of the investors, cause the Incentive Allocation to be made at the Special Opportunities Master Fund level. To the extent that the Incentive Allocation is made at the Special Opportunities Master Fund level, no Incentive Allocation will be made at the Special Opportunities Onshore Feeder level.

2. Special Opportunities Offshore Feeder

a. Management Fee

Generally, the Special Opportunities Offshore Feeder pays HG Vora a Management Fee calculated at the monthly rate of 0.125% per month (1.5% annually) of the net assets of the Special Opportunities Offshore Feeder attributable to each investor’s shares. The Management Fee will be paid by the Special Opportunities Offshore Feeder quarterly in advance based on the value of the net assets of the Special

Opportunities Offshore Feeder as of the first day of each calendar quarter and is accrued monthly based on the net asset value of the Special Opportunities Offshore Feeder attributable to each investor's shares without the accrual of Incentive Allocation, if any; provided, however, that in the case of a subscription occurring during a calendar quarter, the applicable Management Fee will be paid by the Special Opportunities Offshore Feeder as of the first day of the subsequent calendar quarter. In the case of a redemption occurring during a calendar quarter, any Management Fee previously paid after the relevant redemption date will be refunded to the Special Opportunities Offshore Feeder for the benefit of the relevant investor.

HG Vora, in its sole discretion, may waive or modify, and has waived or modified, the Management Fee for investors that are members, employees or affiliates of HG Vora, relatives of such persons and certain other investors. HG Vora may, without the consent of the investors, cause the Management Fee to be charged to and paid by the Special Opportunities Master Fund instead of the Special Opportunities Offshore Feeder. To the extent the Management Fee is paid at the Special Opportunities Master Fund level, no Management Fee will be paid at the Special Opportunities Offshore Feeder level.

b. Incentive Allocation

The Special Opportunities GP will receive at the Special Opportunities Master Fund level an annual Incentive Allocation in an aggregate amount equal to 20% of the net profits (including realized and unrealized gains and losses on investments, subject to certain exceptions), if any, at the end of the fiscal year, attributable to the shares of the Special Opportunities Offshore Feeder, subject to a loss carryforward mechanism (also known as a highwater mark). For this purpose, net profits will be reduced by the Management Fee and will take into account all items of income, loss and expense incurred by the Special Opportunities Offshore Feeder. Since the Incentive Allocation will be allocated at the Special Opportunities Master Fund level, no Incentive Allocation or incentive fee will be charged or made at the Special Opportunities Offshore Feeder level. HG Vora may waive or modify, and has waived or modified, the Incentive Allocation for investors that are members, employees or affiliates of HG Vora, relatives of such persons and certain other investors. HG Vora may, without the consent of the investors, cause the Incentive Allocation to be made at the Special Opportunities Offshore Feeder level.

3. The Opportunistic Capital Fund

a. Management Fee

Generally, the Opportunistic Capital Feeders pay HG Vora a Management Fee quarterly in advance in respect of each investor. The Management Fee with respect to an investor shall equal 0.375% (or 1.5% annualized) multiplied by the net asset value of such investor's capital account.

HG Vora, in its sole discretion, may waive or modify, and has waived or modified, the Management Fee for investors that are members, employees or affiliates of HG Vora, relatives of such persons and certain other investors.

The Opportunistic Capital GP will not be subject to any Management Fee.

b. Carried Interest

The Opportunistic Capital Fund will make carried interest distributions ("Carried Interest") to the Opportunistic Capital GP after investments have been realized. The Carried Interest will generally equal 20% of the remaining net proceeds attributable to the disposition of an investment, and any dividends or interest income received with respect to such investment, after (i) payment of Opportunistic Capital Fund expenses, provision for certain reserves, and retention of certain proceeds and interest income for reinvestment, (ii) distributions to each investor equal to the cumulative amount of capital contributions

made by such investor, and (iii) distributions to each investor sufficient to provide such investor with a preferred return, compounded annually, on such investor's aggregate capital contributions, subject to an Opportunistic Capital GP catch-up. The Carried Interest borne by an investor will be allocated to the Opportunistic Capital GP's capital account in the Opportunistic Capital Master Fund and accounted for in the sub-account at the Opportunistic Capital Master Fund which corresponds to the investor's capital account at the applicable Opportunistic Capital Feeder.

HG Vora, in its sole discretion, may waive or modify, and has waived or modified, the Carried Interest distributable to the Opportunistic Capital GP for investors that are members, employees or affiliates of HG Vora, relatives of such persons and certain other investors.

4. The Downriver Fund

With respect to Downriver Series A, the Downriver Master Fund, for and on behalf of its Segregated Portfolio A, will distribute Carried Interest to the Downriver GP after investments have been realized. Downriver GP may, in its sole discretion, waive or reduce the Carried Interest distributions in respect of any investor.

5. Managed Accounts

Fees charged to the Managed Accounts are subject to negotiation and may vary, and payment terms are detailed in the investment management agreement entered into by and between us and each client.

Fee Billing

We (or an affiliate) generally deduct fees from investors' assets in the Funds as accrued on a monthly or quarterly basis, as applicable. Investors do not have the ability to choose to be billed directly for fees incurred.

Please refer to the relevant Fund's Offering Documents for a complete understanding of how fees are calculated and deducted. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund's governing documents.

Other Fees and Expenses

We are responsible for and pay or cause to be paid the following overhead expenses: office rent and supplies; utilities; furniture and fixtures; secretarial/internal administrative services; salaries and bonuses; entertainment expenses; employee insurance; payroll taxes; expenses relating to the initiation and maintenance of its status as a registered investment adviser; and third party marketing expenses.

Each client bears its own expenses and HG Vora's general policy is that it will only assess expenses against client accounts to the extent that such expenses are permissible client expenses under the applicable client agreement or Fund governing documents. Allocable client expenses generally include: (i) the Management Fee; (ii) any expenses related to the analysis, purchase, monitoring, sale, settlement, custody or transmittal of the Funds' assets, directly or indirectly through the Funds or any trading affiliates (including, but not limited to, research and market data fees and expenses, such as Bloomberg and other similar subscriptions, data and research services, research-related travel, commissions and fees to joint venture partners, third party investment sourcing fees, due diligence expenses including consulting and appraisal fees, expenses related to reorganizations, restructurings, and workouts, and interest expenses and fees related to financings and re-financings), whether or not such investment is consummated; (iii) interest and fees on margin accounts, derivative products or other indebtedness, borrowing charges on securities sold short, custodial fees and bank services fees; (iv) Fund legal, regulatory and compliance expenses (including, without limitation, any expenses in connection with

litigation, investigations or other proceedings instituted against the Funds, whether pending or threatened, or settlements thereof; expenses relating to tax, anti-money laundering and securities regulations applicable to, and governmental, regulatory, self-regulatory, licensing, filing or registration fees and expenses of, the Funds (or any trading subsidiary thereof) for their investments; and any costs or expenses incurred in connection with the offering, sale, or ownership of interests); (v) expenses associated with activist investment activities (including public relations, tender offer and proxy solicitation expenses); (vi) administrator fees and expenses; (vii) shareholder proxy voting services, (viii) Fund audit and accounting expenses (including third party accounting services); (ix) consulting and other professional expenses (including those of valuation firms); (x) organizational expenses (including with respect to any dissolution, winding-up or termination of the Fund(s) or any trading subsidiary); (xi) expenses related to systems and software used in connection with the operation of the Funds and investment-related activities (including, but not limited to, fund accounting, portfolio management, order management, execution management, risk management processes, and any implementation services or license fees, related thereto); (xii) taxes relating to the Funds' activities, including but not limited to, entity-level taxes, any withholding taxes, any imputed underpayment resulting from Funds' investment activities (including any interest, penalties or other additions thereto), any fees and expenses incurred in connection with any tax audit by any U.S. federal, state or local authority, including, any related administrative settlement and judicial review, third-party audit and tax preparation expenses; (xiii) Fund-related insurance costs (including premiums for liability insurance covering the Fund general partners, HG Vora and the members, partners, directors, officers, employees, and agents of any of them (which costs, for the avoidance of doubt, do not include HG Vora-related D&O insurance costs)); (xiv) Directors' fees and expenses; (xv) fees and expenses of any Fund advisory committee; (xvi) trustees' fees and expenses; (xvii) fees and expenses incurred in connection with entering into, negotiating and complying with side letter agreements; (xviii) any feeder fund's pro-rata share of the relevant master fund's expenses; (xix) such other ordinary expenses associated with the operations of the Funds and its investment activities as HG Vora may deem necessary or proper to incur; and (xx) extraordinary expenses, including the following: indemnification expenses; fees and expenses incurred in connection with any (a) income tax audit or investigation by any U.S. federal, state or local authority, (b) administrative settlement, and (c) judicial review.

If any of the above-listed expenses are incurred for the account of any client as well as any other client, such expenses will be allocated among such clients in a manner that HG Vora considers fair and equitable. While many of the above-listed expenses are allocable to all clients, certain expenses are not allocable to certain clients.

Generally, Fund expenses, other than any Management Fee and any expenses that HG Vora determines should be allocated to a particular investor or investors (*e.g.*, investor-related taxes and fees and expenses incurred in connection with entering into side letter agreements), will be charged against the shares of all the investors of a Fund on a *pro rata* basis. Fees and expenses incurred in connection with entering into a side letter agreement will be charged to such side letter agreement's beneficiary. To the extent that expenses to be borne by a client are paid by HG Vora, the client will reimburse such party for such expenses. No client has a predetermined limit on its ordinary or extraordinary operating expenses. Actual annual operating expenses are disclosed in the Funds' year-end audited financial statements, which are provided to each investor.

In general, any expenses related to a particular Special Investment (as defined in the Fund's Offering Documents), will be charged solely to those investors participating in such Special Investment.

Please refer to the relevant Fund's Offering Documents (including the relevant Fund's private offering memorandum) for a complete understanding of each Fund's fees and expenses. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund's governing documents. For more information regarding our brokerage arrangements, see Item 12 – Brokerage Practices.

Timing of Fee Payments

As described above, Management Fees are generally paid quarterly in advance and accrued on a monthly or quarterly basis, as applicable. Accounts initiated or terminated during the relevant periods will be charged a pro-rated Management Fee. Our (or an affiliates') Incentive Allocation is generally allocable as of each year end, although partial or full Incentive Allocations can be crystallized for an investor before year end due to such investor's partial or full redemption from the Funds. With respect to the Downriver Fund and Opportunistic Capital Fund, Carried Interest is generally distributed to the respective Fund general partner, if at all, when investments are realized by such Fund (subject, in the case of Opportunistic Capital Fund, to the Opportunistic Capital GP's right to establish reserves and to retain proceeds and interest income for reinvestment).

Participation or Interest in Client Transactions

Neither we nor any of our supervised persons accepts compensation for the sale of securities or other investment products to our clients.

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

As described above under Item 5 – Fees and Compensation, we receive both asset-based Management Fees and performance-based fees (i.e., Incentive Allocations or Carried Interest) from our private fund clients. This arrangement creates an incentive for us to recommend investments that are riskier or more speculative than would be the case in the absence of such performance-based fees. Investors in the Funds are provided with disclosures contained in their respective Offering Documents relating to the performance-based fees payable to us and the risks associated with their investment in the Funds.

HG Vora and its affiliates accept performance-based fees from certain clients. However, performance-based compensation is not accepted from all clients in all circumstances. The variation of performance-based compensation structures among HG Vora's clients creates an incentive for HG Vora to direct the best investment ideas to, or to allocate or sequence trades in favor of, clients that pay or allocate performance-based compensation.

HG Vora is committed to allocating investment opportunities on a fair and equitable basis and has established policies and procedures to address the conflicts of interest described above. For a further description of such allocation policies and procedures, see Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading.

We do not currently have any side-by-side management arrangements.

Item 7 – Types of Clients

We provide advisory services to pooled investment vehicles which generally operate as exempt investment companies under the Investment Company Act of 1940, as amended. The minimum investment in certain of the Funds is typically \$5,000,000, although we (and our affiliates) maintain discretion to waive, increase or reduce the minimum investment required.

We also provide advisory services to individual investors or institutional clients through Managed Accounts. We may impose minimum account requirements on Managed Accounts. Any such minimum would be described in the written investment management agreement entered into by and between us and the client. In the event that minimum requirements are imposed, we would expect that such requirements would be based on, among other factors, the investment strategy used and the time and resources allocated to the client.

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

Methods of Analysis

We base our investment decisions on fundamental and comprehensive research and analysis. We use a variety of resources and services to refine our investment ideas, which may include, among others, fundamental credit analysis, detailed analysis of financial statements and development of financial projections, meetings with company management, company and analyst conference calls, industry research, analysis of documents (including credit agreements, bond indentures, intercreditor agreements, and court filings) and the use of outside legal counsel to determine the validity and ranking of various claims where necessary. We also closely monitor potential events such as restructurings, changes in capital structure, regulatory changes, industry trends and transitions, and merger and consolidation transactions.

Investment Strategies

Generally, our investment objective is to generate attractive risk adjusted absolute returns while limiting overall portfolio volatility and preserving capital in times of adverse market conditions. We seek to achieve this objective by opportunistically investing in actively traded equity and debt instruments on a long and short basis. We make use of our investment team, industry expertise and experience in complex situations to identify event-driven and value-oriented opportunities. We have extensive experience investing in certain sectors, including but not limited to gaming, lodging, leisure, real estate, retail and consumer, specialty finance, travel and other related sectors. We typically invest in businesses that may be characterized by an over leveraged balance sheet, operational challenges or may be undergoing a restructuring or some other form of strategic change. Our primary focus is on North American securities, but may include Europe, Asia and other non-U.S. markets.

With respect to the Opportunistic Capital Fund, our investment objective is to seek attractive, risk-adjusted returns by primarily investing in less liquid opportunities in a concentrated portfolio. For the Opportunistic Capital Fund, we seek to exploit valuation inefficiencies in companies that are complex, misunderstood or underfollowed. These investments often are in businesses that may be characterized by an over-leveraged balance sheet, have operational challenges or be undergoing a restructuring or some other form of strategic change. We expect to cause the Opportunistic Capital Fund to invest primarily in negotiated financings and distressed securities and opportunistically capitalize on market dislocations when they occur. The strategy mix will vary depending on the opportunity set and market cycle as portfolio construction is driven by bottom-up research and an idiosyncratic approach to security selection.

With respect to the Downriver Fund, each segregated portfolio is anticipated to consist of a single investment opportunity (which opportunity may be comprised of one or more investment positions). Downriver Series A invested in a portion of a syndicated secured corporate loan and is currently in the process of winding down. Investment opportunities that may be offered by additional segregated portfolios are expected to include U.S. public equities, non-U.S. public equities, high-yield bonds and bank debt. However, the Downriver Fund's segregated portfolios may pursue any type of investment opportunity. Investment opportunities may involve a wide range of trading strategies, and we may use aggressive investment techniques for investment or hedging purposes, including, for example, leverage, short sales, options and other derivatives.

We believe that environmental, social and governance ("ESG") issues can increase the regulatory, reputational, and operational risks of the companies in which our clients invest, and therefore may directly affect the performance of such investments. We have adopted an ESG policy to integrate the consideration of ESG factors into our investment process in a manner consistent with our duty to maximize the risk-adjusted returns for our clients. Pursuant to the ESG policy, to the extent reasonably

practical under the circumstances, we will consider ESG factors that are material to the long-term success of our clients' investments during the initial and ongoing due diligence of prospective and existing investments.

Risk of Loss

Listed below is a summary of the material risks involved in connection with our methods of analysis and investment strategies. The discussion of material risks provided below is not meant to be a complete description of risks that may be applicable to us. While many of the risks discussed below are applicable to all clients advised by us, certain of the risks described herein apply to specific clients only. For a more detailed discussion of the material risks, please refer to the relevant Fund's Offering Documents. The information contained herein is a summary only and is qualified in its entirety by the relevant Fund's Offering Documents.

Nature of Investments. We have broad discretion in making investments for our private fund clients. Investments may consist of multi-asset emerging market investments and other financial instruments in fixed income, currency, commodity, equity and related derivative markets that may be affected by, among other things, business, financial market or legal uncertainties. We can provide no assurance that we will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of our clients' activities and the value of their investments.

Non-U.S. Securities. Investing in securities of non-U.S. governments and companies that are generally denominated in non-U.S. currencies and utilization of options on non-U.S. securities involves certain considerations comprising both risks and opportunities not typically associated with investing in securities of the United States Government or United States companies. These considerations include changes in exchange rates and exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, foreign government restrictions, less government supervision of exchanges, brokers and issuers, greater risks associated with counterparties and settlement, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility.

Equity Securities. The value of equity securities of public and private, listed and unlisted companies and equity derivatives generally varies with the performance of the issuer and movements in the equity markets. As a result, our clients may suffer losses if they invest in equity instruments of issuers whose performance diverges from our expectations or if equity markets generally move in a single direction and we have not hedged against such a general move. Our clients also may be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering restricted securities for public resale.

In particular, investments in the private equity of companies at an early stage of development involves a high degree of business and financial risk. Early-stage companies with little or no operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Although we may seek protective provisions, including, possibly, board representation, in connection with certain private equity investments, to the extent our clients take minority positions in companies in which they invest, we may not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect its position in such companies. In the case of a highly leveraged company that cannot generate adequate cash flow to meet debt service, clients may suffer a partial or total loss of capital invested in the company, which, depending on the size of

the clients' investments, could adversely affect the return on the capital of the clients.

American Depositary Receipts and Global Depositary Receipts. American Depositary Receipts (“ADRs”) are receipts issued by a U.S. bank or trust company evidencing ownership of underlying securities issued by non-U.S. issuers and may be listed on a national securities exchange or traded in the OTC market. Global Depositary Receipts (“GDRs”) are receipts issued by either a U.S. or non-U.S. banking institution representing ownership in a non-U.S. company's publicly traded securities that are traded on non-U.S. stock exchanges or non-U.S. OTC markets. Investments in ADRs and GDRs pose, to the extent not hedged, currency exchange risks, as well as a range of other potential risks relating to the underlying shares, which could include confiscatory taxation, imposition of withholding or other taxes on dividends, political or social instability or diplomatic developments that could affect investments in those countries, illiquidity, price volatility and market manipulation. In addition, less information and voting rights may be available regarding the underlying shares of ADRs and GDRs, and non-U.S. companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to, or as uniform as, those of U.S. companies. Such risks may have a material adverse effect on the performance of such investments and could result in substantial losses.

Convertible Securities. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a client is called for redemption, the client will be required to permit the issuer to withdraw the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the client's ability to achieve its investment objective.

Preferred Stock. Investments in preferred stock involve risks related to priority in the event of bankruptcy, insolvency or liquidation of the issuing company and how dividends are declared. Preferred stock ranks junior to debt securities in an issuer's capital structure and, accordingly, is subordinate to all debt in bankruptcy. Preferred stock generally has a preference as to dividends. Such dividends are generally paid in cash (or additional shares of preferred stock) at a defined rate, but unlike interest payments on debt securities, preferred stock dividends are payable only if declared by the issuer's board of directors. Dividends on preferred stock may be cumulative, meaning that, in the event the issuer fails to make one or more dividend payments on the preferred stock, no dividends may be paid on the issuer's common stock until all unpaid preferred stock dividends have been paid. Preferred stock may also be subject to optional or mandatory withdrawal provisions.

Structured Finance Securities. Investments may consist of structured finance securities such as, for example, equipment trust certificates, collateralized mortgage obligations, collateralized debt obligations, collateralized bond obligations, collateralized loan obligations or similar instruments. Structured finance securities may present risks similar to those of the other types of investments in which we may invest and, in fact, such risks may be of greater significance in the case of structured finance securities. Moreover, investing in structured finance securities may entail a variety of unique risks. Among other risks, structured finance securities may be subject to prepayment risk. In addition, the performance of a structured finance security will be affected by a variety of factors, including its priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets. Structured notes, variable rate mortgage-backed and asset-backed securities each have rates of interest that vary based on a designated floating rate formula or index. The value of these investments is closely tied to the absolute levels of such rates or indices, or the market's perception of anticipated changes in those rates or indices. The movements in specific indices or interest rates may be difficult or impossible to hedge. Moreover, a rapid change in the rate of defaults may have a material adverse effect on the yield to maturity. It is therefore possible that we may incur losses on its investments in structured products regardless of their ratings by the ratings agencies. Additionally, the securities in which HG Vora

is authorized to invest include securities that are subject to legal or contractual restrictions on their resale or for which there is a relatively inactive trading market. Securities subject to resale restrictions may sell at a price lower than similar securities that are not subject to such restrictions.

Foreign Exchange Markets. Investments may include trading in foreign exchange and investing in derivative instruments relating to international securities and such securities themselves, and therefore clients will have exposure to fluctuations in currency exchange rates. HG Vora may, in part, seek to offset the risks associated with such exposure or to increase returns through foreign exchange transactions. Such transactions involve a significant degree of risk and the markets in which foreign exchange transactions are effected are volatile, specialized and technical. Significant changes, including changes in liquidity and prices, can occur in such markets within very short periods of time, often within minutes. Foreign exchange trading risks include, but are not limited to, exchange rate risk, maturity gaps, interest rate risk and potential interference by foreign governments through regulation of local exchange markets, foreign investment or particular transactions in foreign currency. The foreign exchange transactions can result in clients' returns being substantially better or worse than what returns would have been had the client not entered into the transactions.

Derivatives. To the extent we invest in swaps, derivative or synthetic instruments, repurchase agreements or other over-the-counter transactions or, in certain circumstances, non-U.S. securities, we may take a credit risk with regard to parties with whom we trade and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions that generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections and expose the parties to the risk of counterparty default. It is expected that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets (directly or indirectly) of the Fund(s), and hence the Fund(s) should not be exposed to a credit risk with regard to such parties. However, it may not always be possible to achieve this segregation, and there may be practical or time problems associated with enforcing rights to its assets in the case of an insolvency of any such party.

Repurchase and Reverse Repurchase Agreements. In a reverse repurchase transaction, a client "buys" securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the client, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by clients involves certain risks. For example, if the seller of securities to clients under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, we will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, our ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, we may not be able to substantiate a client's interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase securities under a reverse repurchase agreement, clients may suffer a loss to the extent that it is forced to liquidate its position in the market, and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

Regulation in the Derivatives Industry. Regulatory changes over the past decade have had a significant impact on the derivatives industry. The regulatory responsibility for derivatives in the United States is divided between the SEC and the CFTC, a distinction that does not exist in any other jurisdiction. The CFTC has regulatory authority over "swaps" and the SEC has regulatory authority over "security-based swaps". As a result of this bifurcation and the different pace at which the agencies have promulgated necessary regulations, different transactions are subject to different levels of regulation in the United States. In addition, there has been and will be extensive rulemaking related to derivative products

by non-U.S. regulatory authorities. Differences between regulatory regimes may make it more difficult and costly for dealers, prime brokers, futures commission merchants (“FCMs”), custodians, exchanges, clearinghouses and other entities, such as our clients, to comply with and follow various regulatory regimes. There are significant legal, operational, technological and trading implications that result from these rules and regulations that may make it difficult or impossible for our clients to enter into otherwise beneficial transactions.

Bank Debt and other Loans and Participations. Investments may consist of bank debt, which includes interests in loans to companies or their affiliates undertaken to finance a capital restructuring or in connection with recapitalizations, acquisitions, leveraged buyouts, refinancings or other financially leveraged transactions and may include loans which are designed to provide temporary or bridge financing to a borrower pending the sale of identified assets, the arrangement of longer-term loans or the issuance and sale of debt obligations. We may also invest in collateral on financial instruments, including interests on whole commercial, consumer and other loans and lease contracts. These loans, which may bear fixed or floating rates, have generally been arranged through private negotiations between a corporate borrower and one or more financial institutions (“Lenders”), including banks. Investments may be in the form of participations in loans (“Participations”) or of assignments of all or a portion of loans from third parties (“Assignments”).

In certain cases, the rights and obligations acquired through the purchase of an Assignment may differ from, and be more limited than, those held by the assigning selling institution. Assignments are sold strictly without recourse to the selling institutions, and the selling institutions will generally make no representations or warranties to the clients about the underlying loan, the borrowers, the documentation of the loans or any collateral securing the loans. Clients have the right to receive payments of principal, interest and any fees to which it is entitled only from the Lender selling the Participation and only upon receipt by the Lender of the payments from the borrower. In connection with purchasing Participations, clients generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and clients may not benefit directly from any collateral supporting the loan in which it has purchased the Participation. Thus, clients assume the credit risk of both the borrower and the Lender that is selling the Participation. In addition, in connection with purchasing Participations, clients generally will have no role in terms of negotiating or effecting amendments, waivers and consents with respect to the loans underlying the Participations. In the event of the insolvency of the Lender, clients may be treated as general creditors of the Lender and may not benefit from any set-off between the Lender and the borrower.

Investments in Participations and Assignments involve additional risks, including the risk of nonpayment of principal and interest by the borrower, the risk that any loan collateral may become impaired and that clients may obtain less than the full value for the loan interests sold because they may be illiquid. Purchasers of loans depend primarily upon the creditworthiness of the borrower for payment of interest and repayment of principal. If scheduled interest or principal payments are not made, the value of the instrument may be adversely affected.

Investments in loans through direct assignment of a financial institution’s interests with respect to a loan may involve additional risks. For example, if a loan is foreclosed, clients could become part owner of any collateral, and would bear the costs and liabilities associated with owning and disposing of the collateral. In addition, it is conceivable that under emerging legal theories of lender liability, clients could be held liable as co-lender(s).

A loan is often administered by a bank or other financial institution that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. Unless, under the terms of the loan or other indebtedness, clients have direct recourse against the borrower, clients may have to rely on the agent to apply appropriate credit remedies against a borrower. If assets held by the agent for the benefit of clients were determined to be subject to the claims of the agent’s general creditors, clients

might incur certain costs and delays in realizing payment on the loan or loan participation and could suffer a loss of principal or interest.

Interests in loans are also subject to additional liquidity risks. Loans are generally subject to legal or contractual restrictions on resale. Loans are not currently listed on any securities exchange or automatic quotation system, but are traded by banks and other institutional investors engaged in loan syndication. As a result, no active market may exist for some loans, and to the extent a secondary market exists for other loans, such market may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods. Consequently, clients may have difficulty disposing of Assignments or Participations in response to a specific economic event such as deterioration in the creditworthiness of the borrower, which can result in a loss. In such market situations, it may be more difficult for clients to assign a value to Assignments or Participations when valuing the clients' securities and calculating its assets.

Distressed Securities. We may invest in "distressed" securities, claims and obligations of domestic and foreign entities which are experiencing significant financial or business difficulties. These investments may include loans, commercial paper, loan participations, trade claims held by trade or other creditors, stocks, partnership interests and similar financial instruments, executory contracts and options or participations therein not publicly traded. Distressed securities may result in significant returns to our clients, but also involve a substantial degree of risk. Our clients who purchase distressed securities may lose a substantial portion or all of their investment in a distressed environment, or may be required to accept cash or securities with a value significantly less than their investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments 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 instruments may be greater than normally expected. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses. Moreover, to the extent that clients invest in distressed sovereign debt obligations, they will be subject to additional risks and considerations not present in private distressed securities, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which may be affected by world events, changes in U.S. foreign policy and other factors outside of the control of HG Vora. The market for distressed securities and instruments is generally thinner and less active than other markets, which can adversely affect the prices at which distressed securities can be sold.

Litigation and Collection Costs. Should our clients need to collect on a defaulted loan, litigation could result. There is a high cost associated with any litigation and the results of litigation are always uncertain. Even before litigation is commenced, clients could experience substantial costs in trying to collect on defaulted investments, such as legal fees, collection agency fees, or discounts related to the assignment of a defaulted loan to a third party.

Bankruptcy Claims. We may advise our clients to invest in the debt of stressed companies. In the event that the such a borrower files for bankruptcy protection, our clients will likely be unable to sell their claims without realizing a significant loss and may be unable to recover current interest on such claims during the course of the bankruptcy case. The markets in U.S. bankruptcy claims are generally not regulated by U.S. federal securities laws or the SEC. To the extent debt investment is unsecured (i.e., has no collateral securing repayment), such claims may have a lower priority than secured claims (which have first recourse to the collateral securing such claim). In addition, the debt of an issuer in bankruptcy may be adversely affected by an erosion of the issuer's business and overall value. Accordingly, there can be no guarantee that a debtor will be able to satisfy all of its liabilities or that our clients will be able to recover the entire amount of their bankruptcy claims.

Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to appear and be heard, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of our client (in its role as a creditor). Furthermore, there are instances where creditors lose their priority under Title 11 of the U.S. Bankruptcy Code (*i.e.*, are equitably subordinated) if, for example, they have engaged in misconduct that harms other creditors. In those cases where we or our clients are found to have engaged in such misconduct, our clients may lose their priority.

Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, the approval of the plan by creditors and confirmation of the plan by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to our clients; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the issuer may not be able to reorganize and may be required to sell its assets either as a going concern or as part of a liquidation. As a result, even in those circumstances where our client may recover the entire amount of its bankruptcy claim, our clients may be adversely impacted by any costs incurred by them in representing their interests in a debtor's bankruptcy case.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for the purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that our clients' influence with respect to a class of securities can be lost by virtue of the size of its claim relative to the claims of the entire class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for certain taxes) may impair the recovery of an investment in a bankruptcy claim.

We or our clients may elect to serve on creditors' committees or other groups to ensure preservation or enhancement of our client's positions as a creditor. A member of any such committee or group may owe a fiduciary duty and be subject to certain obligations to all members the committee represents and/or to other similarly situated parties. We or our clients may resign from that committee or group for any reason, including, for example, if we conclude that our obligations owed to the other parties as a committee or group member conflict with our duties owed to our clients. In such cases, our clients may not realize the benefits, if any, of participation on the committee or group. In addition, if a client is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of or increasing its investments in such company while it continues to be represented on such committee or group.

Our clients may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser. Additionally, the claim may be disallowed or subordinated if the bankruptcy court determines that the seller engaged in inequitable conduct that harmed other creditors.

Reorganizations can be contentious and adversarial, and it is by no means unusual for participants to use the threat of litigation and to engage in litigation as a negotiating technique. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by our client.

Recharacterization. Under Title 11 of the U.S. Bankruptcy Code, a court may use its equitable powers to "recharacterize" the claim of a lender, *i.e.*, notwithstanding the characterization by the lender and borrower of a loan advance as a "debt," to find that the advance was in fact a contribution of equity.

Typically, recharacterization occurs when an equity holder asserts a claim based on a loan made to a borrower at the time the borrower was in such poor financial condition so that other lenders would not make such a loan. In effect, a court that recharacterizes a claim makes a determination that the original circumstance of the contribution warrants treating the holder's advance not as debt but rather as equity. In determining whether recharacterization is warranted in any given circumstance, courts look to the following factors: (i) the names given to the instruments (if any) evidencing the indebtedness; (ii) the presence or absence of a fixed maturity or scheduled payment; (iii) the presence or absence of a fixed rate of interest and interest payments; (iv) the source of repayments; (v) the adequacy or inadequacy of capital; (vi) the identity of interest between the creditor and the equity holders; (vii) the security (if any) for the advances; (viii) the borrower's ability to obtain financing from outside lending institutions; (ix) the extent to which the advances were subordinated to the claims of outside creditors; (x) the extent to which the assets were used to acquire capital assets; and (xi) the presence or absence of a sinking fund to provide for repayment. These factors are reviewed under the circumstances of each case, and no one factor is controlling. Our clients may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by our clients should be recharacterized.

Credit Derivatives. We generally buy or sell credit derivatives, examples of which include credit default swap agreements and credit-linked notes. Credit derivatives are contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another. Such instruments may include one or more debtors. Payments under credit derivatives may be made during the exercise period of the contracts. Payments under many credit derivatives are triggered by credit events such as bankruptcy, default, restructuring, failure to pay, cross default or acceleration, etc. Such payments may be for notional amounts, actual losses or amounts determined by formula.

A credit default swap agreement is structured as a swap agreement. The "buyer" in a credit default swap agreement is obligated to pay the "seller" a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay, obligation acceleration or modified restructuring. If a credit event occurs, the seller typically must pay the contingent payment to the buyer, which is typically the "par value" (full notional value) of the reference obligation. The contingent payment may be a cash settlement or by a physical delivery of the reference obligation in return for payment of the face amount of the obligation. Clients may be either the buyer or seller in the transaction. If a client is a buyer and no credit event occurs, the client may lose its investment and recover nothing. However, if a credit event occurs, the buyer typically receives full notional value for a reference obligation that may have little or no value. As a seller, that client receives a fixed rate of income throughout the term of the contract, which typically is between one month and several years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligation.

A credit-linked note is a security that is structured by embedding a credit default swap agreement in a funded asset to form an investment that has credit risk and cash flow characteristics resembling a bond or a loan.

The market for credit derivatives may be illiquid and there are considerable risks that it may be difficult to either buy or sell the instruments as needed or at reasonable prices. Sellers of credit derivatives carry the inherent price, spread and default risks of the debt instruments covered by the derivative instruments. Buyers of credit derivatives carry the risk of non-performance by the seller due to inability to pay. There are also risks with respect to credit derivatives in determining whether an event will trigger payment under the derivative and whether such payment will offset the loss or payment due under another instrument. In the past, buyers and sellers of credit derivatives have found that a trigger event in one contract may not match the trigger event in another contract, exposing the buyer or the seller to further risk.

The value of a credit derivative instrument depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to trading derivatives related to such asset. However, there are a number of other risks associated with derivatives trading. For example, because many derivatives provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose a client to the possibility of a loss exceeding the original amount invested. There can be no assurance that derivatives we wish to acquire will be available at any particular times, at satisfactory terms or at all.

Equity Derivatives. We may use equity derivatives in our investment program, including, but not limited to, listed equity options and OTC equity derivatives such as variance swaps, conditional variance swaps, correlation swaps and dividend swaps. These types of equity derivatives are frequently valued based on implied volatilities of these derivatives rather than the historical volatility of their underlying securities or instruments. Fluctuations or prolonged changes in the volatility, realized or implied and/or correlation, of these underlying securities or instruments, therefore, can adversely affect the value of equity derivative positions held by clients.

Debt Instruments. Debt instruments of all types of issuers may have speculative characteristics, regardless of whether they are rated. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal in accordance with the terms of the obligations. Bonds, notes and debentures issued by corporations may pay fixed, variable or floating rates of interest, and may include zero-coupon obligations. Corporate debt instruments may be subject to credit ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. In addition, our clients may be paid interest in kind in connection with their investments in corporate debt and related financial instruments (e.g., the principal owed to a client in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, clients may experience substantial losses.

Market Making by Dealers. The value of our client's fixed-income investments will be affected by general fixed income market conditions, such as the volatility and liquidity of the fixed income market, which are affected by the ability of dealers to "make a market" in fixed-income investments. In recent years, the market for bonds has significantly increased while dealer inventories have significantly decreased, relative to market size. If this were to continue, and especially during periods of rising interest rates, this could result in greater volatility and illiquidity in the fixed income market, which could impair our clients' profitability or result in losses.

Prepayment Risk. The frequency at which prepayments (including voluntary prepayments by the obligors and accelerations due to defaults) occur on debt instruments will be affected by a variety of factors including the prevailing level of interest rates and spreads as well as economic, demographic, tax, social, legal and other factors. In general, "premium" instruments (instruments whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" instruments (instruments whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. Particular investments may experience outright losses, as in the case of an interest-only instrument in an environment of faster actual or anticipated prepayments. Such investments may also underperform relative to hedges that we may have constructed for these Investments, resulting in a loss to a client's overall portfolio.

Zero-Coupon and Deferred Interest Bonds. Zero-coupon bonds and deferred interest bonds are debt obligations issued at a significant discount from face value. While zero-coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market

value due to changes in interest rates than debt obligations that provide for regular payments of interest.

High-Yield. Bonds or other fixed-income securities that are “higher yielding” (including non-investment-grade) debt securities are generally not exchange-traded and, as a result, these securities trade in the over-the-counter (“OTC”) marketplace, which is less transparent and has wider bid/ask spreads than the exchange-traded marketplace. High-yield securities face ongoing uncertainties and exposure to adverse business, financial or economic conditions, which could lead to the issuer’s inability to meet timely interest and principal payments. High-yield securities are generally more volatile and may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by substantially all of the issuer’s assets. High-yield securities may also not be protected by financial covenants or limitations on additional indebtedness. Companies that issue such securities may be highly leveraged and may not have available to them more traditional methods of financing. In addition, our clients may invest in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments.

We may cause our clients to invest in debt obligations that have a heightened probability of being in covenant or payment default in the future or that are currently in default and are generally considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically such workout or bankruptcy proceedings result only in partial recovery of cash payments or an exchange of the defaulted security for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.

Mezzanine Debt. Mezzanine debt is typically junior to the obligations of a company to senior creditors, trade creditors and employees and are often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. Default rates for such instruments have historically been higher than for investment-grade instruments.

Stressed Debt. Stressed issuers are issuers that are not yet deemed distressed or bankrupt and whose debt instruments are trading at a discount to par, but not yet at distressed levels. An example would be an issuer that is in technical default of its credit agreement, or undergoing strategic or operational changes, which results in market pricing uncertainty. The market prices of stressed and distressed instruments are highly volatile, and the spread between the bid and the ask prices of such instruments is often unusually wide.

Non-Performing Nature of Debt. Certain debt instruments may be non-performing or in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to such debt instruments.

Incurrence of Additional Debt by Borrower. There can be no assurance that a borrower our clients invest in will not incur further debt in addition to the loan our clients invest in. Any such increase of debt levels could impair the ability of a borrower to service the loan our clients invested in, which, in turn, could result in higher rates of delinquency and loss on such loans underlying our clients’ investment.

Credit Ratings. In general, the credit rating assigned by a nationally recognized rating agency to an investment represents such rating agency’s opinion of the safety of the principal and interest payments of the rated instrument based on available information. Such ratings are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of such investments. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. Further, credit ratings may change over time due to various factors, including changes in the creditworthiness of the issuer and/or changes in the rating agency’s analytics and processes. It is possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect

subsequent events and, as a result, outstanding ratings may not reflect the issuer's current credit standing. Clients may incur losses if we make investments based on credit ratings that subsequently change in a way not favorable to our investment objective.

Currency Exposure Risk. Investments in foreign currency forwards, futures and options, as well as securities are subject to the risk that the value of a particular currency will change in relation to one or more other currencies. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment, capital appreciation and political developments. HG Vora may try to hedge these risks, but there can be no assurance that it will implement a hedging strategy, or if it implements one, that it will be effective.

Currency Hedging. While client investments are denominated in U.S. dollars, some of the underlying investments of clients will be denominated in multiple currencies. Accordingly, any hedging of currency exposure that is implemented by clients will primarily involve hedging back to the U.S. dollar, but in certain circumstances may involve other hedging activities. To the extent any such hedges are profitable during any month or quarter, the profits will be invested at the end of such month or quarter into the core investment portfolio of the relevant client(s). Conversely, if such hedges generate losses in any month or quarter, HG Vora may liquidate a portion of the client(s)' core investment portfolio to cover such losses. While HG Vora intends to hedge its overall currency exposure, there can be no assurance that such hedges will be effective.

Competitive Nature for "Relative Value" and "Event Driven" Investments. Relative value and event driven trading is extremely competitive. HG Vora competes with a large number of firms, many of which have substantially greater financial resources as well as larger research and trading staffs than are available to HG Vora. Competitive investment activity by other firms tends to reduce clients' opportunity for profit by reducing the magnitude as well as the duration of the market inefficiencies which it seeks to exploit.

Event Driven Strategy Risk. The results of clients' operations may be expected to fluctuate from month to month and from period to period because of the inherently speculative nature of risk arbitrage transactions.

In this activity, if and when HG Vora determines that it is probable that a proposed transaction will be consummated, clients will purchase securities at prices often only slightly below the anticipated value to be paid or exchanged for the securities in the proposed merger, exchange offer, cash tender offer or other similar transaction. The purchase price to clients may be substantially above the prices at which such securities traded immediately prior to the announcement of such merger, exchange offer, cash tender offer or other similar transaction. If the proposed merger, exchange offer, cash tender offer or other similar transaction appears likely not to be consummated or in fact is not consummated or is delayed, the market price of the security to be tendered or exchanged may, and likely will, decline sharply by an amount greater than the difference between the clients' purchase price and the anticipated consideration to be paid. In addition, where a security to be issued in a merger or exchange offer has been sold short in the expectation that the short position will be covered by delivery of such security when issued, failure of the merger or exchange offer to be consummated may force clients to cover their short sale, with a resulting, and perhaps significant, loss.

In addition, if HG Vora determines that the offer price for a security which is the subject of a tender offer is likely to be increased, either by the original bidder or by another party, clients may purchase securities above the offer price, thereby exposing the clients to an even greater degree of risk of loss.

Where HG Vora determines that it is probable that a transaction will not be consummated, clients

may sell the securities of the target company short, at times significantly below the announced tender or offering prices for the securities in the transaction. If the transaction (or another transaction, such as a “defensive” merger or a “friendly” tender offer) is consummated at the announced price or a higher price, clients may be forced to cover the short position in the market at a higher price than the short sale price, with a resulting, and perhaps significant, loss.

The consummation of mergers, exchange offers, cash tender offers or other similar transactions can be prevented or delayed by a variety of factors. An exchange offer or a cash tender offer by one company for the securities of another will often be opposed by the management or shareholders of the target company on the grounds that the consideration offered is inadequate or for a variety of other reasons, and this opposition may result in litigation which may significantly delay or prevent consummation of the transaction by alleging, among other things, that the offering material supplied by the offeror contains inadequate, false or misleading disclosures, that the offeror has, by its activities in connection with the offer, violated federal and/or state securities or takeover laws, or that the proposed acquisition would violate federal antitrust laws, margin regulations or other statutes or regulations. Even if the business terms and other relevant matters necessary to consummate the transaction have been agreed upon by the management of the companies involved, the consummation of such transaction may be prevented by the intervention of a government regulatory agency which might have regulatory power over the companies or the transaction (such as, in the case of a U.S. issuer, the U.S. Securities and Exchange Commission, the Antitrust Division of the U.S. Department of Justice or the U.S. Federal Trade Commission), litigation brought by a shareholder or, in the case of a merger, the failure to receive the necessary shareholder approvals, market conditions resulting in material changes in securities prices, and other circumstances, including, but not limited to, the failure to meet certain conditions customarily specified in acquisition agreements. Even if the defensive activities of a target company or the actions of regulatory authorities fail to defeat a transaction, such activities may cause significant delays, during which clients’ capital will be committed to the transaction and interest charges on any funds borrowed to finance clients’ activities in connection with the transaction may be incurred.

Offerors in tender or exchange offers customarily reserve the right to cancel such offers in the above and a variety of other circumstances, including an insufficient response from shareholders of the target company.

The consummation of a transaction may be delayed for various other reasons, including compliance with the Hart-Scott-Rodino Antitrust Improvements Act of 1976 which requires certain waiting periods before the transaction may be completed, waiting periods required under state takeover laws, and, with respect to mergers, exchange offers and recapitalization plans in which securities are to be offered, the need to register the offered securities under the Securities Act of 1933.

An exchange offer or a cash tender offer may be made for less than all of the outstanding securities of an issuer, with the provision that, if a greater number is tendered, securities will be accepted on a pro rata basis. Thus, after the completion of the offer, and at a time when the market price of the securities has declined below its cost, clients may have returned to them, and be forced to sell at a loss, a portion of the securities it tendered.

Clients may make certain speculative purchases of securities. These may include securities which HG Vora believes to be undervalued by the marketplace, securities in which a significant position has been acquired by one or more other persons, or securities of an issuer in the same or a related industry as other companies that have been the subject of an attempted acquisition. If clients purchase securities in anticipation of an acquisition attempt or reorganization which does not occur, clients may sell the securities at a substantial loss. In addition, when securities are purchased in anticipation of an acquisition attempt or reorganization, substantial time may elapse between the clients’ purchase of securities and the acquisition or reorganization. In such cases, a portion of the clients’ funds would be committed during this period to the securities purchased, and clients would incur an interest expense on the funds it

borrowed to purchase the securities.

In liquidations, bankruptcies, recapitalizations and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (for example, for failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to clients of the security in respect of which such distribution was made.

HG Vora will attempt to assess all of the foregoing risk factors, and others, in determining the extent of the position it will take in the relevant securities and the price it is willing to pay for such securities. However, many risks, such as the outcome of pending or threatened litigation, cannot be quantified.

Real Estate Industry and REIT Risks. We may invest in companies in the real estate industry and, therefore, may be subject to risks associated with the direct ownership of real estate, such as decreases in real estate values, overbuilding, increased competition and other risks related to local or general economic conditions, increases in operating costs and property taxes, changes in zoning laws, casualty or condemnation losses, possible environmental liabilities, regulatory limitations on rent and fluctuations in rental income. Equity REITs generally experience these risks directly through fee or leasehold interests, whereas mortgage REITs generally experience these risks indirectly through mortgage interests, unless the mortgage REIT forecloses on the underlying real estate.

REITs in which clients invest may be affected by changes in underlying real estate values, which may have an exaggerated effect to the extent that REITs in which clients invest may concentrate investments in particular geographic regions or property types. Additionally, rising interest rates may cause investors in REITs to demand a higher annual yield from future distributions, which may in turn decrease market prices for equity securities issued by REITs. Rising interest rates also generally increase the costs of obtaining financing, which could cause the value of clients' investments to decline. During periods of declining interest rates, certain mortgage REITs may hold mortgages that the mortgagors elect to prepay, which prepayment may diminish the yield on securities issued by such mortgage REITs. In addition, mortgage REITs may be affected by the ability of borrowers to repay when due the debt extended by the REIT and equity REITs may be affected by the ability of tenants to pay rent. Certain REITs have relatively small market capitalizations, which may tend to increase the volatility of the market price of securities issued by such REITs. Furthermore, REITs are dependent upon specialized management skills, have limited diversification and are, therefore, subject to risks inherent in operating and financing a limited number of projects. REITs depend generally on their ability to generate cash flow to make distributions to investors.

General Risks of Lending and Loan Origination. The value of clients' investments in loans may be detrimentally affected to the extent a borrower defaults on its obligations, there is insufficient collateral and/or there are extensive legal and other costs incurred in collecting on a defaulted loan. HG Vora will attempt to minimize this risk by maintaining low loan-to-liquidation values with each loan and the collateral underlying the loan. However, there can be no assurance that the value assigned by HG Vora to collateral underlying a loan of the clients can be realized upon liquidation, nor can there be any assurance that collateral will retain its value. In addition, certain of the clients' loans will be supported, in whole or in part, by personal guarantees made by the borrower or a relative, or guarantees made by a corporation affiliated with the borrower. The amount realizable with respect to a loan may be detrimentally affected if a guarantor fails to meet its obligations under the guarantee. Moreover, loans may also be supported by collateral, the value of which may fluctuate. In addition, active lending/origination by clients may subject it to additional regulation, as well as possible adverse tax consequences to the clients and/or their underlying investors. HG Vora will seek to adopt appropriate procedures to minimize such risk. In addition, active lending may subject clients to additional regulation and could result in adverse tax and other consequences to clients and their investors (which consequences HG Vora may attempt to mitigate).

Finally, there may be a monetary, as well as a time cost involved in collecting on defaulted loans and, if applicable, taking possession of various types of collateral.

Weak Economy Could Trigger Defaults. Any substantial economic slowdown could increase delinquencies, defaults and foreclosures, and adversely affect our investments in loans. Periods of economic slowdown or recession may be accompanied by decreased demand for consumer credit, decreased asset values (including real estate values) and an increased rate of delinquencies, defaults and foreclosures. Any material decline in asset values would increase the loan-to-value ratios on the loans we may invest in, weaken our clients' collateral coverage and increase the possibility and severity of a loss if a borrower defaults. A lack of equity in a property may reduce the incentive a borrower has to meet its payment obligations during periods of financial hardship, which might result in higher delinquencies, defaults and foreclosures.

Loan Participations and Assignments. We may recommend that clients invest in corporate loans acquired through Assignments or Participations. In purchasing participations, clients will usually have a contractual relationship only with the selling institution, and not the borrower. Clients generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor will they have the right to object to certain changes to the loan agreement agreed to by the selling institution. Clients may not directly benefit from the collateral supporting the related secured loan and may not be subject to any rights of set-off the borrower has against the selling institution.

In addition, in the event of the insolvency of the selling institution, under the laws of the United States and the states thereof, clients may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the secured loan. Consequently, clients may be subject to the credit risk of the selling institution as well as of the borrower. Certain loans or loan participations may be governed by the laws of a jurisdiction other than a United States jurisdiction, which may present additional risks as regards the characterization under such laws of such participation in the event of the insolvency of the selling institution or the borrower.

Arbitrage Transaction Risks. Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. Examples of arbitrage strategies include event-driven arbitrage, merger arbitrage, capital structure arbitrage, convertible arbitrage, fixed income or interest rate arbitrage, statistical arbitrage, debt spread arbitrage and index arbitrage. HG Vora may employ any one or more of these arbitrage strategies. If the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, losses can occur which can be magnified to the extent clients are employing leverage. Moreover, arbitrage strategies often depend upon identifying favorable "spreads", which can also be identified, reduced or eliminated by other market participants.

Convertible Arbitrage Risk. Convertible arbitrage generally involves acquiring convertible securities and selling short a corresponding amount of the underlying equity security, although this relationship may be reversed. While this investment strategy is considered to be relatively "market neutral", there are many associated risks that can affect the results of this strategy. Such risks include, but are not limited to, the following: (i) dramatically rising interest rates or escalating market volatility may adversely affect the relationship between securities; (ii) convertible securities tend to be significantly less liquid and have wider bid/offer spreads making it more difficult to enter and profitably exit such trades; (iii) convertible arbitrage involves an inherently imperfect and dynamic hedging relationship and must be adjusted from time to time (the failure to make timely or appropriate adjustments may limit profitability or lead to losses); (iv) convertible arbitrage involves selling securities short (see "Short Sales" below); (v) a material change in the dividend policy of the underlying common equity may adversely affect the prices of the securities involved; (vi) changes in the issuer's credit rating may adversely affect the prices of the

securities involved; and (vii) unexpected merger or other extraordinary transactions affecting the convertible security or common equity may adversely affect the prices of the securities involved.

Volatility Risk. Some of our clients' investment opportunities may involve the purchase and sale of relatively volatile investments and/or investments in volatile markets. Fluctuations or prolonged changes in the volatility of such Investments and/or markets can adversely affect the value of investments held by clients.

Equity-Related Instruments in General. HG Vora may use equity-related instruments in its investment program. Certain options and other equity-related instruments may be subject to various types of risks, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk. In addition, equity-related instruments can involve significant economic leverage and may, in some cases, involve significant risks of loss.

Use of Leverage. We employ leverage in our strategies from time to time. This results in our clients controlling substantially more assets than they have in equity. The use of leverage exposes our clients to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had our clients not borrowed to make the investments, (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions and (iii) losses on investments where the investment fails to earn a return that equals or exceeds our clients' of borrowing such funds. In the event of a sudden, precipitous drop in value of our clients' assets, our clients might not be able to liquidate assets quickly enough to repay their borrowings, further magnifying its losses.

In an unsettled credit environment, HG Vora may find it difficult to obtain leverage for clients. Since leveraging its assets is an integral part of clients' investment strategy, in such event clients' could find it difficult to implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in HG Vora being forced to unwind positions quickly and at prices below what HG Vora deems to be fair value for the positions.

Special Situations. We may recommend to our clients that they invest in companies involved in, or are the target of acquisition attempts or tender offers, or in companies involved in or undergoing work-outs, liquidations, spin-offs, reorganizations, bankruptcies or other catalytic changes or similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which may be less than the purchase price paid by our clients for the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, our clients may be required to sell their investment at a loss. Due to the substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which our clients may invest, there is a potential risk of loss by our clients of their entire investment in such companies.

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

A purchaser of an option may suffer a total loss of premium (plus transaction costs) if that option expires without being exercised. An option's time value (i.e., the component of the option's value that exceeds the in-the-money amount) tends to diminish over time. Even though an option may be in-the-

money to the purchaser at various times prior to its expiration date, the purchaser's ability to realize the value of an option depends on when and how the option may be exercised. For example, the terms of the transaction may provide for the option to be exercised automatically if it is in-the-money on the expiration date. Conversely, the terms may require timely delivery of a notice of exercise, and exercise may be subject to other conditions (such as the occurrence or non-occurrence of certain events, such as knock-in, knock-out or other barrier events) and timing requirements, including the "style" of the option.

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

Index or Index Options. The value of an index or index option fluctuates with changes in the market values of the assets included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular asset, whether clients will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the assets generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular assets.

Short Sales. We generally recommend to our discretionary clients that they establish short positions in indices, exchange-traded funds, common stocks and other securities. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on our clients' portfolios. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in an inability to cover the short position and a theoretically unlimited loss. There can also be no assurance that securities necessary to cover a short position will be available for purchase.

Total Return Swaps. Total return swaps on equity securities are another form of derivative that we may utilize to achieve our clients' trading objectives. A total return swap allows the total return receiver to receive an amount equal to the increase in market value of the underlying reference equity (e.g., a single name, portfolio of names, or stock or market index on any of the foregoing), plus an amount equal to any dividends or other distributions in respect thereof, from the total return payer in return for paying to the total return payer both a floating or fixed rate on a predetermined amount and an amount equal to any decrease in the market value of the asset or other financial measure. The total return payer is synthetically short and the total return receiver is synthetically long. Total return swaps may create a highly leveraged exposure to the underlying asset.

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

Central Clearing. In order to mitigate counterparty risk and systemic risk in general, various U.S. and international regulatory initiatives are underway to require certain derivatives to be cleared through a clearinghouse. In the United States, clearing requirements were part of the Dodd-Frank Act. The CFTC

imposed its first clearing mandate on December 13, 2012 affecting certain interest rate and credit default swaps. It is expected that the CFTC and the SEC will introduce clearing requirements for other derivatives in the future. Trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, the FCM, as well as possible SEC or CFTC mandated margin requirements. Our clients are not in direct privity with the clearinghouse, but instead acts through a member of the clearinghouse, an FCM, which acts as a quasi-agent, guaranteeing the obligations of our clients to the clearinghouse. This regime is modeled in large part after the U.S. futures clearing regime. Clearing through FCMs has in certain cases led to losses caused by operational failure or fraud.

As products become more standardized in order to be cleared, standardized derivatives may mean our clients may not be able to hedge its risks or express an investment view as well as it would using customizable derivatives available in the over-the-counter markets. Compared to the OTC derivatives market, our clients may be subject to more onerous and more frequent (daily or even intraday) margin calls from both the clearinghouse and the FCM. Virtually all of the margin models that are utilized by the clearinghouses are dynamic, meaning that, unlike many of our client's bilateral swap contracts where the amount of initial margin posted on the contract is typically static throughout of the life of the contract, the amount of the initial margin that is required to be posted in respect of a cleared contract will fluctuate, sometimes significantly, throughout the life of the contract. The dynamic nature of the margin models utilized by the clearinghouses and the fact that the margin models might be changed at any time may subject our clients to an unexpected increase in collateral obligations by clearinghouses during a volatile market environment which could have a detrimental effect on our clients. Clearinghouses also limit collateral that they will accept to cash, U.S. treasuries and, in some cases, other highly rated sovereign and private debt instruments, which may require our clients to borrow eligible securities from a dealer to meet margin calls and raise the costs of cleared trades to our clients. In addition, clearinghouses may not allow our clients to portfolio margin (or cross margin) its positions, which may increase the amount of overall margin that our clients need to post. While clearinghouse margin models are dynamic and may change daily, they are also different from the margin models applied by OTC derivative dealers. The OTC derivative dealers generally have a model that is supported by a team of individuals that analyze the credit risk of each fund and fund manager by reviewing, among other variables, strategy, performance, key portfolio managers, sophistication of technology and operations, traditional volatility, types of products, and lock-up periods. The model used by the dealers to apply margin is tailored for the risk of each fund and fund manager. In contrast, the clearinghouse margin model is applied across all types of counterparties and there is no analysis of individual counterparty risks. This may mean that the clearinghouse margin model may be less fluid. It may mean that it is also more expensive overall our clients than if specific factors of such clients were considered.

Also, each clearinghouse only covers a limited range of products and our clients may have to spread their derivative portfolio across multiple clearinghouses, which in turn reduces the benefits of netting that derivatives users rely on to mitigate counterparty risk.

Although standardized clearing for derivatives is intended to reduce risk (for instance, they may reduce the counterparty risk to the dealers to which our clients would be exposed under OTC derivatives), it does not eliminate risk. Rather, standardized clearing transfers risk of default from the over-the-counter derivatives dealer to the central clearinghouse, which may increase systemic risk, potentially more so than a failure by an OTC derivatives counterparty. The failure of a clearinghouse could have a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force significant capital calls on member firms during a financial crisis, which could lead member firms to default, worsening the crisis. Because these clearinghouses are still developing and the related bankruptcy process is untested, it is difficult to speculate what the actual risks would be to our clients related to the default of a clearinghouse. While the futures model worked well during the Lehman crisis in 2008, there has been no testing whether the model is scalable so that it would apply to derivatives more generally. In addition, there is no one international standard for clearinghouses; existing clearinghouses have different waterfalls

that apply upon the insolvency of a clearinghouse or a clearinghouse member and it is possible that our clients could be in a worse position if a clearinghouse were to fail than had such clients executed a trade with a traditional derivative counterparty. Also, a clearinghouse will likely require that our clients relinquish control of their transactions if the clearinghouse were to become insolvent, and, therefore, our clients would not be able to terminate and close out of a defaulting clearinghouse's positions, but would become subject to regulators' control over those positions. In such a circumstance, our clients may not be able to take actions that it deems appropriate to lessen the impact of such clearinghouse default. Clearinghouses tend to trade in particular products in order to achieve economy of scale. This heightens the concentration risk for our clients, which might not be easily hedged. In that case, our clients may only be able to protect itself from clearinghouse risk by exiting the market entirely, potentially foregoing an entire segment of beneficial transactions.

Applicable regulations may also require our clients to make public information regarding their swaps volume, position size and/or trades, which could detrimentally impact our clients' ability to achieve their investment objectives.

Convergence Risk. Clients may pursue relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. In the event that the perceived mis-pricings underlying the clients' trading positions were to fail to converge toward, or were to diverge further from, HG Vora's expectations, clients may incur a loss.

Interest Rate Risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. HG Vora may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that HG Vora will be successful in fully mitigating the impact of interest rate changes.

Systemic Risk. Systemic risk is the risk of broad financial system stress or collapse triggered by the default of one or more financial institutions, which results in a series of defaults by other interdependent financial institutions. Financial intermediaries, such as clearing houses, banks, securities firms and exchanges with which clients interact, as well as clients, are all subject to systemic risk. A systemic failure could have material adverse consequences on clients and on the markets for the securities in which clients seek to invest.

Assumption of Catastrophe Risks. The Funds may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including but not limited to the following: hurricanes, earthquakes and other natural disasters; terrorism; and public health crises, including the occurrence of a contagious disease. To the extent that any such event occurs and has a material effect on global financial markets or specific markets in which the Funds participate (or has a material effect on locations in which HG Vora operates) the risks of loss can be substantial and could have a material adverse effect on the Funds and shareholders' investments therein.

Coronavirus Risks. In December 2019, the virus SARS-CoV-2, which causes the coronavirus disease known as COVID-19, surfaced in Wuhan, China. The disease spread around the world, resulting in the temporary closure of many corporate offices, retail stores, and manufacturing facilities across the globe, as well as the implementation of travel restrictions and remote working and "shelter-in-place" or similar policies by numerous companies and national and local governments. These actions caused the disruption of manufacturing supply chains and consumer demand in certain economic sectors, resulting in significant disruptions in local and global economies. The short-term and long-term impact of COVID-19 on the operations of HG Vora and the performance of the Funds is difficult to predict. In particular, the effectiveness of vaccination efforts, other future developments and actions

taken by authorities and other entities to contain COVID-19 and its economic impact will influence the impact on HG Vora's operations and the Funds' performance. These potential impacts, while uncertain, could adversely affect the performance of the Funds' portfolio.

Discontinuation of LIBOR. It is expected that the London Interbank Offered Rate ("LIBOR"), which is commonly used as a reference rate within various financial contracts (any such rate, a "Reference Rate"), will not be published after the year 2021. In anticipation of the end of LIBOR, the United States and other countries are currently working to replace LIBOR with alternative Reference Rates. As a general matter, the expected discontinuation of LIBOR may significantly impact financial markets; specifically, discontinuation may impact financial contracts to which the Funds are a party. Generally, the transition to alternative Reference Rates may (i) cause the value of a Reference Rate to be uncertain or to be lower or more volatile than it would otherwise be; (ii) result in uncertainty as to the functioning, liquidity or value of certain financial contracts; (iii) involve actions of regulators or rate administrators that adversely affect certain markets or specific financial contracts; and (iv) impact the strategy, products, processes, legal positions and information systems of market participants, including the Funds and their counterparties. With respect to financial contracts to which the Funds may be a party, including certain swaps and other derivatives, any such contract that has a maturity that extends beyond 2021 and uses LIBOR as a Reference Rate (other than contracts that include curative fallback language or other curative mechanisms) may need to be renegotiated, the process of which will consume resources of MWV and may result in disputes among counterparties, the result of which may be adverse to the Funds. Considered in their entirety, the impacts of the discontinuation of LIBOR on financial markets generally and on the specific financial contracts to which the Funds are a party may adversely affect the performance of the Funds' portfolios.

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

Climate Change. Continued changes in climatic conditions could have a significant impact on the revenues, expenses and conditions of certain investments. While the full extent of the future effects of climate change are unknown, it is possible that climate change could affect precipitation levels, droughts, wind levels, annual sunshine, sea levels and the severity and frequency of storms and other severe weather events. Sudden changes in climate conditions could affect the frequency and magnitude of natural disasters, including, without limitation, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, which could, among other effects, adversely impact the cash flows available from an investment, cause personal injury or loss of life, damage property, or instigate disruptions of service. Moreover, if the evidence supporting climate change continues to grow, various regulatory agencies might enact more restrictive environmental regulations. These more restrictive regulations could materially impact the revenues and expenses of an investment. Any of the foregoing could therefore adversely affect the performance of the Funds and their investments.

Small to Medium Capitalization Companies. We may invest, or recommend that our clients invest, a portion of their assets in the stocks of companies with small-to medium-sized market capitalizations within our clients' parameters. While we believe these investments often provide significant potential for appreciation, those stocks, particularly smaller-capitalization stocks, involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of such stocks are often more volatile than prices of large-capitalization stocks. In addition, due to thin trading in some such stocks, an investment in these stocks may be more illiquid than that of larger capitalization stocks.

Investments in Privately Held Companies. There is generally little public information about privately held companies, and, as a result, investors must rely on our ability to obtain adequate information to evaluate the potential returns from, and risks related to, investing in such companies. If we are unable to uncover all material information about such companies, we may not make a fully informed investment decision, which will impact the returns on an investment in such companies. Also, privately held companies frequently have less diverse product lines and smaller market presence than larger competitors. They are, thus, generally more vulnerable to economic downturns and may experience substantial variations in operating results.

Long-Term. The success of a client's long-term investment strategy depends upon our ability to identify and purchase investments that are undervalued and hold such investments so as to maximize value on a long-term basis. In pursuing any long-term strategy, we may forego value in the short-term or temporary investments in order to be able to avail our clients of additional and/or longer-term opportunities in the future. Consequently, clients pursuing a long-term strategy may not capture maximum available value in the short-term.

Diversification and Concentration. We may cause certain clients to concentrate in a limited number of types of investments, including in less liquid opportunities in a concentrated portfolio of long positions, including those that may not be appropriate or should be limited in size in other clients we manage. In addition, client portfolio may become significantly concentrated in investments relating to a single or a limited number of issuers, industries or sectors. This limited diversification may result in the concentration of risk, which, in turn, could expose our clients to disproportionate losses due to idiosyncratic risks or from market movements in general if there are disproportionately greater adverse price movements in such investments.

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

Significant Positions in Investments; Regulatory Requirements. If we cause clients to acquire a significant stake in certain issuers of securities and such stake exceeds certain percentage or value limits, we and our clients may be subject to regulation and regulatory oversight that may impose notification and filing requirements or other administrative burdens on our clients and us. Any such requirements may impose additional costs on clients and may delay the acquisition or disposition of the securities or our ability to respond in a timely manner to changes in the markets with respect to such securities.

In addition, "position limits" may be imposed by various regulators that may limit our ability to effect desired trades for clients. Position limits are the maximum amounts of gross, net long or net short positions that any one person or entity may own or control in a security. All positions owned or controlled by the same person or entity, even if in different accounts, may be aggregated for purposes of determining whether the applicable position limits have been exceeded. To the extent that our clients' position limits were aggregated with an affiliate's position limits, the effect on our clients and resulting restriction on its investment activities may be significant. If at any time positions managed by HG Vora were to exceed applicable position limits, we would be required to liquidate client positions to the extent necessary to come within those limits. Further, to avoid exceeding any position limits, we might have to forego or modify certain contemplated trades for clients.

In addition, if a client, acting alone or as part of a group, acquires beneficial ownership of more than 10% of a certain class of securities of a public company or places a director on the board of directors of such a company, under Section 16 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”), the Master Fund may be subject to certain additional reporting requirements and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities. Similar restrictions and requirements may apply in non-U.S. jurisdictions.

As noted herein, a client, acting either alone or as part of a group, may acquire a “control” position in an issuer’s securities. This may subject the client to additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored.

Illiquid Securities. Certain securities may be illiquid because, for example, they are subject to legal or other restrictions on transfer or there is no liquid market for such securities. Valuation of such securities may be difficult or uncertain because there may be limited information available about the issuers of such securities. The market prices, if any, for such securities tend to be volatile and may not be readily ascertainable, and we may not be able to sell them when we desire to do so or to realize what we perceive to be their fair value in the event of a sale. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the OTC markets. We may not be able to readily dispose of such illiquid investments and, in some cases, may be contractually prohibited from disposing of such investments for a specified period of time. As a result, our clients may be required to hold such securities despite adverse price movements. Even those markets which we expect to be liquid can experience periods, possibly extended periods, of illiquidity. Occasions have arisen in the past where previously liquid investments have rapidly become illiquid. Clients may elect to designate certain investments as “Special Investments”, which have minimal, if any, liquidity.

Restricted Securities. Restricted securities cannot be sold to the public without registration under the Securities Act. Unless registered for sale, restricted securities can be sold only in privately negotiated transactions or pursuant to an exemption from registration (*e.g.*, under Rule 144A of the Securities Act). Although these securities may be resold in privately negotiated transactions, because there is often little liquidity for these securities, they may be difficult and take a substantial amount of time to sell, and the prices realized from these sales could be less than those originally paid by clients. Restricted securities may involve a high degree of business and financial risk which may result in substantial losses.

Undervalued Securities. The identification of investment opportunities in undervalued securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from clients’ investments may not adequately compensate for the business and financial risks assumed.

Reliance on Parag Vora. We are heavily dependent on the activities, judgment and availability of Parag Vora. We have contingency plans in the event of Mr. Vora’s short term absence, but we may be unable to perform our contractual obligations to clients in the event of his death or permanent disability.

Item 9 – Disciplinary Information

Neither HG Vora nor any of its supervised persons have been the subject of any legal or disciplinary event that would be material to your evaluation of HG Vora or the integrity of its management.

Item 10 – Other Financial Industry Activities and Affiliations

Broker-Dealer Registration

Neither HG Vora nor our management persons are registered or have an application pending to register as a broker-dealer or registered representative of a broker-dealer.

Neither HG Vora nor our management persons are registered or have an application pending to register as a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Related Person Arrangements

The Special Opportunities GP, Opportunistic Capital GP and Downriver GP serve as the general partner of, or otherwise provide services to, certain of the Funds and in that capacity receive performance based Incentive Allocations or Carried Interest from such Funds.

Except as noted above, neither HG Vora nor any of its management persons have affiliations with broker-dealers, municipal securities dealers, government securities dealers, investment companies or other pooled investment vehicles, other investment advisers or financial planners, futures commission merchants, registered commodity pool operators, registered commodity trading advisors, banking or thrift institutions, accountants or accounting firms, lawyers, law firms, insurance agencies or companies, pension consultants, real estate brokers or dealers or other sponsors or syndicators of limited partnerships.

Arrangements with Other Investment Advisers

HG Vora does not recommend or select other investment advisers for our clients.

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

Code of Ethics

We have adopted a Code of Ethics (the “Code”) in accordance with Rule 204A-1 of the Investment Advisers Act of 1940 (the “Advisers Act”). The purpose of the Code is to set forth certain key guidelines that have been adopted by us and to specify the responsibility of our personnel to act in accordance with their fiduciary duty to our clients and to comply with applicable federal and state laws and regulations. The Code requires that all employees conduct themselves in accordance with the highest ethical standards, which should be premised on the concepts of integrity, honesty and trust. A copy of the Code is available to clients or prospective clients upon request.

The following is a summary of certain provisions of the Code.

1. Fiduciary Duty and Conflicts of Interest

Both we and our employees have a fiduciary duty to our clients to act for the benefit of our clients and to take action on the clients’ behalf before taking action in the interest of any employees or the firm. Both we and our employees must act for the clients’ benefit and treat the clients fairly. The manner in which any employee discharges its fiduciary duty and addresses a conflict of interest depends on the circumstances. The Code requires all employees to consult with Christopher McLean (the “Chief Compliance Officer”) to determine the appropriate resolution to any perceived conflict of interest.

2. Personal Trading

We have adopted a policy with respect to buying and selling securities by our employees. The policy includes any securities account in which the employee (or their spouse or children living in the same household): (a) exercises investment discretion; (b) is listed on the account; or (c) is a current beneficiary. Personal securities trades must be pre-cleared with the Chief Compliance Officer with certain limited exceptions. All our employees must either (a) direct their brokers to send duplicate copies of trade confirmations and periodic account statements to the Chief Compliance Officer or (b) use our IT-based compliance solution (MyComplianceOffice) that can be used to monitor compliance with the foregoing policies.

3. Privacy Policy

We have a fiduciary duty to our clients not to divulge or misuse information obtained in connection with our services as an adviser. Therefore, all information, whether of a personal or business nature, that an employee obtains about a client’s affairs in the course of employment should be treated as confidential and used only to provide services to or otherwise to the benefit of the client. Such information may sometimes include information about non clients, and that information should likewise be held in confidence. Even the fact that we advise a particular client should ordinarily be treated as confidential. The Code sets forth steps that employees should take to help preserve confidential information.

4. Prohibition on Disclosure of Material, Nonpublic Information

In addition to the policies contained in our Code, we have also established policies and procedures to prevent the misuse of material non-public information (“MNPI”). Pursuant to these policies and procedures, all employees are strictly prohibited from purchasing or selling, either personally or on behalf of others, including clients, any security on the basis of MNPI in violation of law. Employees are also strictly prohibited from communicating MNPI to any person in violation of law. Whenever employees come into possession of what they believe may be MNPI, they must immediately notify the Chief Compliance Officer. The Chief Compliance Officer maintains a list of all issuers about which we have

MNPI and circulates such list to our staff so as to prevent any trading in securities of such issuers.

Investment in Securities that HG Vora or a Related Person Recommends to Clients

Absent prior approval from the Chief Compliance Officer, neither we nor our related persons are permitted to purchase or trade, for our personal accounts, securities that a client owns or is in the process of buying or selling, or that we are considering buying or selling for a client.

Securities that HG Vora or a Related Person Has a Material Financial Interest

1. Cross Trades and Principal Transactions

HG Vora has adopted written policies that, among other things, prohibit it from knowingly selling any security to, or purchasing any security from, a client while acting as principal for its own account. This policy further prohibits HG Vora from engaging in any agency cross transactions (i.e., any transaction in which HG Vora or an affiliate acts as the broker for both the seller and purchaser of a security).

HG Vora may determine that it would be in the best interests of certain clients to transfer a security from one client to another (each such transfer, a “Cross Trade”) for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the clients, or to reduce transaction costs that may arise in an open market transaction. If HG Vora decides to engage in a Cross Trade, HG Vora will determine that the trade is in the best interests of each client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those clients. Specifically, HG Vora executes Cross Trades with the assistance of a broker-dealer who generally executes and books the transaction at the close of the market on the day of the transaction or at a price that is otherwise reflective of market value.

Conflicts of Interest Created by Contemporaneous Trading

HG Vora manages investments on behalf of a number of clients. Certain clients have investment programs that are similar or overlap and, therefore, participate with each other in investments when appropriate.

It is HG Vora’s policy that no client for whom we have investment-decision responsibility will receive preferential treatment over any other client. In allocating securities and aggregating trades among clients, it will be HG Vora’s policy that all clients should be treated fairly and that, to the extent possible, all clients should receive equivalent treatment. Investment opportunities will generally be allocated among those clients for which participation in the respective opportunity is considered appropriate. HG Vora may take the following factors into account in allocating securities among clients: (i) each client’s investment objective and strategies; (ii) each client’s risk profile; (iii) each client’s tax status; (iv) any restrictions placed on a client’s portfolio by the client or by virtue of federal or state law; (v) the size of the client; (vi) the total portfolio invested position; (vii) the nature of the security to be allocated; (viii) the size of the available position; (ix) the supply or demand for a security at a given price; (x) current market conditions; (xi) the timing of cash flows and client liquidity; and (xii) any other information determined to be relevant to the fair allocation of securities. HG Vora will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to, any particular client solely because HG Vora purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to, another client.

Simultaneous identical portfolio transactions for multiple clients may tend to decrease the prices received, and increase the prices required to be paid, by the clients for their portfolio sales and purchases. Where less than the maximum desired number of shares of a particular security to be purchased is available at a favorable price, the shares purchased will be allocated among clients in an equitable manner as

determined by HG Vora. Further, it may not always be possible or consistent with the investment objectives of each client for the same investment positions to be taken or liquidated at the same time or at the same price. As a result, certain trades in the same security for one account (including an account in which HG Vora and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another account, and certain orders may not be filled entirely or at all. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved. However, all transactions will be made on a “best execution” basis.

Item 12 – Brokerage Practices

Selecting Brokerage Firms

We have discretion to determine the broker(s) or dealer(s) to be used to execute securities transactions for the Funds. In doing so, will seek to obtain the best execution possible for the client. While a primary criterion for all transactions in portfolio securities is the execution of orders at the most favorable net price under the circumstances, numerous additional factors relevant to execution capabilities are considered when arranging for the purchase and sale of positions, including the importance to the account of speed, efficiency or confidentiality, the broker dealer's apparent familiarity with sources from or to whom particular securities might be purchased or sold, quotation services and any other matters we deem relevant to the selection of a broker-dealer for a particular portfolio transaction of the account.

Research and Other Soft Dollar Benefits

While HG Vora currently does not use commissions or "soft dollars" to obtain research and brokerage services, HG Vora may, in the future, pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transactions) for client transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. HG Vora will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Exchange Act and subject to prevailing guidance provided by the SEC regarding Section 28(e). HG Vora believes it is important to its investment decision-making processes to have access to independent research.

Section 28(e) of the Securities Exchange Act of 1934, as amended, is a "safe harbor" that permits an investment manager to use commissions or "soft dollars" to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. Except for services that would be a client expense or as otherwise described below, HG Vora will limit the use of "soft dollars" to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e)'s safe harbor and in a manner that is consistent with prevailing SEC guidance regarding Section 28(e). Research services within Section 28(e) may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services.

Brokerage services within Section 28(e) may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirms or trade affirmations. The use of commissions arising from a client's investment transactions for services other than research and brokerage will be limited to services that would otherwise be a client expense. The use of commissions to obtain such other services would be outside the parameters of Section 28(e).

In some instances, HG Vora may receive a product or service that may be used only partially for functions within Section 28(e) (e.g. an order management system, trade analytical software or proxy services). In such instances, HG Vora will make a good faith effort to determine the relative proportion of the product or

service used to assist HG Vora in carrying out its investment decision-making responsibilities and the relative proportion used for administrative or other purposes outside Section 28(e). The proportion of the product or service attributable to assisting HG Vora in carrying out its investment decision-making responsibilities will be paid through brokerage commissions generated by client transactions and the proportion attributable to administrative or other purposes outside Section 28(e) will be paid for by HG Vora from its own resources. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of HG Vora's allocation of the costs of such benefits and services between those that primarily benefit HG Vora and those that primarily benefit the clients.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by a particular client may be used by HG Vora to service one or more clients, including clients that may not have paid for the soft dollar benefits. HG Vora will not seek to allocate soft dollar benefits to clients in proportion to the soft dollar credits the clients generate. Research and brokerage services obtained by the use of commissions arising from a client's portfolio transactions may be used by HG Vora in its other investment activities and thus, such client may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided.

When HG Vora uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, HG Vora receives a benefit because it does not have to produce or pay for such products or services. HG Vora may have an incentive to select or recommend a broker-dealer based on HG Vora's interest in receiving research or other products or services, rather than on a client's interest in receiving most favorable execution.

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

Brokerage for Client Referrals

We do not consider the prospect of receiving or the receipt of client referrals when selecting or recommending broker-dealers for client securities transactions.

Directed Brokerage

We generally do not recommend, request or require that a client direct us to execute transactions through a specified broker-dealer. However, our agreements with Managed Account clients may permit them to direct us to execute transactions through a specified broker-dealer.

Order Aggregation

If HG Vora determines that the purchase or sale of a security is appropriate with regard to multiple clients, HG Vora in certain circumstances will, but is not required to, purchase or sell such a security on behalf of such clients with an aggregated order, for the purpose of reducing transaction costs, to the extent permitted by applicable law. When aggregating client orders, HG Vora will follow the following guidelines: (i) no client will be favored over any other client; (ii) unless the timing of market orders is

specified by HG Vora to be different among clients, each client that participates in an aggregated order will participate at the average share price for all HG Vora's transactions in that security on a given business day (or such shorter period, as applicable) or as specified in these procedures, and transaction costs will be shared *pro rata* based on each client's participation in the transaction; (iii) if the aggregated order is filled in its entirety, it will be allocated among accounts in accordance with HG Vora's investment allocation policy; and (iv) if the aggregated order is partially filled, (a) for situations involving only discretionary clients, the order will generally be allocated among these clients *pro rata* based on their relative net asset values, or (b) for situations involving non-discretionary clients, such allocations will be made in accordance with HG Vora's investment allocation policy. When orders are not aggregated, trades generally will be processed in the order that they are placed with the broker or counterparty selected by HG Vora. As a result, certain trades in the same security for one client (including a client in which HG Vora and its personnel may have a direct or indirect interest) may receive more or less favorable prices or terms than another client, and orders placed later may not be filled entirely or at all, based upon the prevailing market prices at the time of the order or trade. In addition, some opportunities for reduced transaction costs and economies of scale may not be achieved.

Item 13 – Review of Accounts

Our portfolio manager reviews our clients' accounts on an ongoing basis. In addition to internal staff, there is an independent fund administrator (the "Administrator") who is responsible for back office procedures and reporting for our clients. All trades are reconciled daily by our employees using our internal systems as well as the Administrator and Goldman Sachs & Co., Merrill Lynch Professional Clearing Corp., Morgan Stanley & Co. LLC, The Bank of New York Mellon, Intl FCStone Financial, Inc., and Bank of America, N.A., and (the "Prime Brokers and Custodians"). The financial statements of the Special Opportunities Fund and the Opportunistic Capital Fund are audited annually by KPMG LLP or KPMG (as applicable based upon the jurisdiction of the Fund), an independent public accountant. The financial statements of the Downriver Fund are audited annually by EisnerAmper LLP, an independent public accountant.

Periodic Reviews

Month-end reports are completed by each the Funds' Administrator and are typically delivered to us within 7-8 business days after the end of the month. Our internal staff reviews and reconciles these month-end reports.

Review Triggers

On a daily basis, our internal staff reviews and reconciles all discrepancies between our internal records, and reports from third parties (e.g. reports from the Administrator, Prime Brokers and Custodians or other counterparties).

Regular Reports

We do not provide regular reports to our private fund clients, but the Administrator of each Fund sends each investor in the Funds an unaudited, written monthly statement detailing the increase or decrease in the net asset value of such investor's account during the preceding month. We may supplement this information with written investor letters and summaries of the Funds' performance, as well as such other information that we deem appropriate. In addition, as soon as practicable after the end of each fiscal year and no later than 120 days after the end of the fiscal year, each Fund furnishes to each investor its audited annual financial statements as of the end of that fiscal year.

The contents and frequency of reports provided to our Managed Account clients may vary and would typically be detailed in the investment management agreement entered into by and between us and the client.

Item 14 – Client Referrals and Other Compensation

Our prime brokers from time to time, pursuant to their internal practices and procedures, provide capital introductions to us with respect to the Funds. An increase in the size of the Funds may result in additional compensation to our prime brokers. We do not guarantee continued business arrangements with our prime brokers by virtue of capital introduction services provided to us, and the prospect of receiving capital introductions from a prime broker is not, and will not be, a primary consideration in determining whether to engage or retain their services.

Other than as described above, we do not receive any economic benefit from any person who is not a client in connection with the provision of investment advice or advisory services to our clients.

We have entered into, and in the future may enter into, contractual agreements with individuals and/or organizations (“Agents”) that solicit investors for the Funds. While the specific terms of each arrangement may differ, generally, an Agent’s compensation is based upon the value of assets referred by the Agent and managed by us. The Agent’s compensation does not increase the referred investor’s fees beyond that which we would otherwise charge the referred investor for its investment management services. The cost of these referral fees is paid entirely by us and is not borne by the referred investor.

Item 15 – Custody

All funds and securities of our clients are held by a qualified custodian. All of our Funds are audited annually by an independent public accountant that is registered with and subject to regular inspection by the Public Company Accounting Oversight Board. In addition, audited financial statements are prepared for the Funds in accordance with generally accepted accounting principles in the United States and are sent to all of the Funds' investors within one hundred twenty (120) days of the end of the Fund's fiscal year. Investors in the Funds are encouraged to review these audited financial statements.

HG Vora does not have custody of the funds and securities of certain Managed Accounts, and is therefore not required to comply with the Custody Rule with respect to such accounts.

Item 16 – Investment Discretion

Pursuant to the Funds' Offering Documents, and in accordance with the investment management agreements entered into by us with such Funds, we are granted complete investment authority with respect to the types and amounts of all securities bought and sold by the Funds.

Whether we are granted investment authority with respect to the types and amounts of securities sold or purchased by or on behalf of our Managed Account clients will depend on the terms of their respective investment management agreement.

Item 17 – Voting Client Securities

Proxy Votes

Our investment management agreements with our private fund clients grant us authority to cast all proxy votes on their behalf. Neither our private fund clients nor their investors have the ability to direct how we vote proxies.

Authority to cast proxy votes on behalf of our Managed Account clients would typically be dictated by the terms of their respective Investment Management Agreement.

We have adopted a proxy voting policy, as required by the Advisers Act. The policy provides that we will act in the best interests of our clients in determining whether and how to vote on any proxy voting matter. The proxy voting policy includes guidelines for the Chief Compliance Officer to follow if a material conflict arises between us and/or our employees and our clients to ensure any material conflict is addressed and mitigated. Conflicts of interest may arise between the interests of clients, on the one hand, and HG Vora or its affiliates, on the other hand. If HG Vora determines that it may have, or is perceived to have, a conflict of interest when voting proxies, HG Vora will vote in accordance with its proxy voting policies and procedures.

Clients may obtain a copy of our proxy voting policy and information on how we voted by contacting our Chief Compliance Officer at (212) 707-4300.

Class Actions

As a fiduciary, we must act for the benefit and in the best interests of our clients. To the extent we have the authority, pursuant to the governing documents of a client account, to deal with class action claims, we will determine on a case-by-case basis whether or not clients will participate in the claim. To the extent that we do not have authority to deal with class action claims, we will forward any claim we receive to the relevant client.

Item 18 – Financial Information

We do not currently have a financial condition that is reasonably likely to impair our current or future ability to meet our contractual commitment to our clients and we have not been the subject of a bankruptcy petition at any time during the last ten (10) years.

BROCHURE DISCLOSURE

This Brochure does not constitute an offer to sell or the solicitation of an offer to purchase interests in any of HG Vora's private fund clients and the disclosure contained herein shall not be relied on to determine whether an investor should purchase interests in any of our private fund clients. Any such offer or solicitation will be made solely to qualified investors by means of a private placement memorandum and related subscription materials. To the extent that there is any conflict between the disclosure contained in this Brochure and the Offering Documents provided to investors, the Offering Documents shall govern.