

Item 1: Cover Page

**FORM ADV
PART 2A**

FIRM BROCHURE

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This brochure (“Brochure”) provides information about the qualifications and business practices of OCO Capital Partners LP (“OCO”). If you have any questions about the contents of this Brochure, please contact us at 929-293-0826. 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 OCO Capital Partners LP also is available on the SEC’s website at www.adviserinfo.sec.gov.

Registration as an investment advisor with the SEC or by any state securities authority does not imply a certain level of skill or training.

Item 2 Material Changes

There have been no material changes to this Brochure since the last update on March 30, 2020. This Brochure contains routine annual updates to the prior brochure. Consequently, we encourage you to read this Brochure in its entirety.

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Item 4 Advisory Business

OCO, a Delaware limited partnership, was founded by Samuel Martini and Eric Schneider in 2018. Previously, Messrs. Martini and Schneider managed the OCO Credit Opportunities funds (the “OCO Credit Funds”), which started investment operations in June 2013 as opportunistic funds, with an emphasis on wide ranging credit investments. Historically, the OCO Credit Funds were managed by Omega Advisors, Inc. On January 1, 2019, the OCO Credit Funds began to be managed by OCO, under the name OCO Opportunities Master Fund, LP (“OCO Opportunities Fund”). As of the date of this Brochure, Samuel Martini is the majority owner and controller of OCO.

The OCO Opportunities Fund seeks to generate current income and attractive risk-adjusted returns by investing in a variety of structured credit, corporate credit, other specialty finance and/or similar yielding instruments and equities. OCO believes that it is able to opportunistically deploy capital across a wide variety of instruments in order to generate value. **There can be no assurance that the OCO Opportunities Fund’s investment objective will be met.**

The OCO Opportunities Fund consist of one master-feeder fund structure consisting of a Cayman Islands exempted limited partnership as the master fund (the “Master Fund”) with a Cayman Islands exempted company (the “Offshore Fund”) and a Delaware limited partnership (the “Onshore Fund”) acting as feeder funds. OCO Capital Partners GP LP serves as the general partner of the Master Fund (the “General Partner”), as well as the Onshore Fund.

The Onshore Fund is open only to “qualified purchasers” as that term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Investment Company Act”), and the rules promulgated thereunder.

Shares of the Offshore Fund are being offered to (i) persons who are not “U.S. Persons” as described in the Fund’s Confidential Memorandum (“Non-U.S. Persons”) and (ii) U.S. Persons subject to the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), or otherwise exempt from payment of U.S. Federal income tax (collectively, “Permitted U.S. Persons”).

The Offshore Fund, the Onshore Fund and the Master Fund are collectively referred to herein as the “Fund” unless the context requires otherwise. The General Partner has delegated day-to-day investment management and administrative responsibility to OCO.

While prospective shareholders should carefully read the Fund’s Confidential Memorandum, dated January 2019, the contents should not be considered to be legal or tax advice. Each prospective shareholder should consult with its own counsel and advisors as to all matters concerning an investment in the Fund.

In no event should this Brochure be considered to be an offer of interest in the Fund or relied on in determining to invest in the Fund. It is also not an offer of, or agreement to

provide, advisory services directly to any recipient of the Brochure. Rather, this Brochure is designed solely to provide information about OCO for the purpose of compliance with certain obligations under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and, as such, responds to relevant regulatory requirements under the Advisers Act, which may differ from the information in the offering documents for the Fund.

To the extent that there is any conflict between any discussion in this Brochure regarding the Fund and similar or related discussions in offering documents for the Fund, the offering documents for the Fund shall govern.

As of December 31, 2020, OCO managed \$385,422,919 of client assets on a discretionary basis.

Item 5 Fees and Compensation

A. Compensation for Advisory Services

OCO’s current fee schedule is generally as follows:

- Management Fee: 1.5% for management services, payable quarterly in arrears, of the balance of each capital account
- Incentive Allocation/Fee: 15% of any net capital appreciation in a given capital account will be allocated to the General Partner’s capital account, calculated at the end of each fiscal year. Incentive Fees are subject to a high-water mark, with no modifications.

Compensation to the General Partner. The General Partner, an affiliate of OCO, may receive an Incentive Allocation based on the realized and unrealized net capital appreciation, if any, in the net assets of the Fund. Accordingly, the Incentive Allocation, which arrangement was arrived at without negotiation with any third party, may create an incentive for OCO to cause the Fund to make investments that are riskier or more speculative than would be the case if such compensation were not performance-based, particularly in any period after losses have been suffered. In addition, because the Incentive Allocation is calculated on a basis that includes unrealized appreciation, the Incentive Allocation will be different from (and may be greater than) the result that would have been obtained if the Incentive Allocation were calculated based solely on realized gains.

B. Payment of Fees

The Fund retains a third-party administrator that is responsible for authorizing the payment of fees to OCO.

The General Partner and OCO will not be subject to the Management Fee or Incentive Allocation/Fee with respect to their own investment in the Fund, if any. In the General Partner's sole discretion, employees of OCO and their family members or affiliated entities (the "Exempt Partners") will not be subject to the Management Fee or Incentive Allocation/Fee. In addition, OCO, in its sole discretion, may reduce or waive the Management Fee attributable to any Limited Partner without any obligation to provide notice to or obtain the consent of any other Limited Partner.

Leon Cooperman, former Chairman and CEO of Omega, will be entitled to a share of the net asset-based and performance-based revenue received from the Fund by OCO and the General Partner. In addition to this share in OCO's net revenue, Mr. Cooperman's investment in the Fund will be subject to certain preferential terms, including preferential fee terms and capacity rights. Mr. Cooperman's investment in the Fund will be subject to the same liquidity terms as those that apply to other third-party investors' investments in the Fund.

C. Other Fees and Expenses

In partial consideration for the Management Fee, OCO bears the administrative expenses of the Fund and provides to the Fund office space and utilities, news, quotation and computer equipment and services, administrative services, and secretarial, clerical and other personnel.

The Fund will bear all other expenses relating to the business and affairs of the Fund (and its *pro rata* portion of such costs and expenses incurred at the Master Fund level (generally based on the Onshore or Offshore Funds' net asset value relative to the net asset value of the Master Fund)), as disclosed in the Funds' offering documents. The expenses the Funds will bear include, without limitation: investment expenses (e.g., brokerage commissions, interest on margin accounts and other indebtedness, borrowing charges on securities sold short, bank charges, custodial fees, clearing and settlement charges, interest expense); entity-level taxes; regulatory filing fees (e.g., expenses related to the filing of Form PF); expenses regarding audit, tax and accounting (including middle/back offices services); fees and expenses related to risk services (such as RiskMetrics); bank service fees and withholding and transfer fees; research-related expenses including professional fees and expenses of consultants in connection with investments such as economic consultants; expenses and fees relating to the Administrator; extraordinary expenses, if any (e.g., indemnification expense); and any other expenses related to the purchase, sale or transmittal of Fund assets (including diligence of Fund investments).

Investors are reminded to review the Funds' offering documents for more detailed information related to expenses borne by the Funds.

Item 6 Performance-based Compensation

Please see response to Item 5.A above.

Item 7 Types of Clients

Please see response to Item 4 above.

OCO provides investment advisory services to private fund clients, which generally require a minimum initial investment of \$1 million per investor; The General Partner of the Funds may waive the minimum investment amount.

Interests in the Funds are suitable investments only for sophisticated investors for whom an investment in the Fund does not constitute a complete investment program and who fully understand, and are willing to assume, and have the financial resources to withstand, the risks involved in the Funds' specialized investment program and to bear the potential loss of their entire investment in the Fund..

The Fund reserves the right to enter into agreements with certain limited partners that may provide more favorable terms to such investors, such as but not limited to, liquidity.

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

A. Describe the methods of analysis and investment strategies

The Fund seeks to generate current income and attractive risk-adjusted returns by investing in a variety of structured credit, corporate credit, other specialty finance and/or similar yielding instruments (the volatility of which is generally perceived to be below that of the equity markets) and equities. Investments may include corporate debt, collateralized loan obligations ("CLOs"), collateralized debt obligations ("CDOs"), commercial mortgage-backed securities ("CMBS"), asset-based securities ("ABS"), residential mortgage-backed securities ("RMBS"), residential single-name credit, credit indices, tranches, specialty finance companies including business development companies ("BDCs"), real estate investment trusts ("REITs") and other corporate and/or structured products and equities. OCO believes that these asset classes currently offer compelling risk/reward characteristics. OCO believes that it is able to opportunistically deploy capital across a wide variety of instruments in order to generate value.

OCO intends to focus on determining not only the highest yielding assets for the Fund, but those assets with the most compelling risk/reward characteristics. More specifically, it expects to consider all relevant investment opportunities in a framework that generally emphasizes lending against cash flow or sound asset value support. The Fund expects to benefit from the experience of the Managing Partner in structured and corporate credit analysis and from his strong relationships in the marketplace to access a broad investment opportunity set.

Credit instruments and structured products require a specialized skill set to source, price and trade. Some investment firms focus only on certain segments of the credit market (e.g., non-agency mortgages, Re-REMICs, CLO Debt, CLO Equity, CMBS, ABS and

RMBS), but few look at credit instruments and structured products on a holistic level as an asset class, as OCO does. OCO continuously evaluates the current and prospective investment environment to develop investment theses and identify the universe of investable securities. Macroeconomic considerations include, without limitation, economic growth, inflation, monetary policy and supply/demand dynamics, while investment-specific considerations include, without limitation, credit analysis, asset valuation support, liquidity, legal issues, valuation and taxation. OCO's principal and analysts refine existing views via analytical meetings where they discuss and debate investment opportunities to arrive at consensus decisions. After identifying suitable investments as a result of robust analysis, OCO builds positions incrementally via thoughtful execution/sizing. The determination of a sector/investment's rank relative to other sectors/investments is based on thorough analysis of risk/reward. Further focus is placed on non-direct risks such as liquidity, diversification and manager engagement (where applicable).

In furtherance of the Fund's investment strategy, the Fund may use leverage and such leverage will generally not be limited. OCO may not, however, cause the Fund to have gross long exposure (i.e., the value of all of its long positions) exceed 120% of the Fund's net asset value. Such limitation will be measured at the time investments are made. OCO believes that the use of leverage may enable the Fund to achieve a higher rate of return. The use of leverage also has attendant risks and may, in certain circumstances, increase the adverse impact to which the Fund's investment portfolio may be subject. Any event which adversely affects the value of an investment could be magnified to the extent leverage is utilized and may result in a substantial loss to the Fund. Additionally, the Fund may purchase and sell put, call and other options on stocks and stock indices and futures and forward contracts on non-U.S. currencies, U.S. or non-U.S. government securities (including U.S. treasury bonds, short-traded treasuries), stock indices and other commodities. These techniques are expected to be used both as independent profit opportunities and to hedge existing long and short positions.

Transactions may be introduced to the Fund through contacts of the General Partner and the OCO. Such persons may be compensated by the Fund for their introductions, including through performance-based compensation linked to the introduced investment.

The Fund may trade in all types of derivatives. The General Partner and OCO are exempt from registration with the Commodity Futures Trading Commission (the "CFTC") as commodity pool operators (each, a "CPO") and as a commodity trading advisor ("CTA") pursuant to CFTC Regulation 4.13(a)(3). Accordingly, the General Partner need not provide a CFTC disclosure document to prospective Limited Partners, nor is it required to provide Limited Partners with certified annual reports that satisfy the requirements of CFTC rules applicable to registered CPOs.

Unlike many other private investment funds which, as a matter of investment policy, diversify their portfolio holdings so that no more than a fixed percentage of their assets is invested in any one industry or group of industries, the Fund does not have fixed guidelines for such diversification. As a result, Fund investments may be concentrated in a small number of industries. However, as a general matter, not more than 10% of the

Fund's net assets will be invested in a single issue, measured at the time of investment. However, that the Fund may at times elect to make investments in a single issue that represent more (and sometimes materially more) than 10% of the Fund's net assets, measured at the time of investment.

Any excess funds of the Fund are invested directly or indirectly in money market instruments or other cash equivalents deemed appropriate by OCO (including, without limitation, the overnight repurchase market). Any income earned from such investments will be reinvested by the Fund in accordance with its investment program.

The descriptions contained herein of specific strategies that are or may be engaged by the Fund should not be understood in any way as limiting the Fund's investment activities. The Fund may engage in investment strategies not described herein that OCO considers appropriate in accordance with the offering documents.

The Fund's investment program is speculative and entails substantial risks. There can be no assurance that the investment objectives of the Fund will be achieved. In fact, the practices of short selling, leverage and other investment techniques which the Fund may employ from time to time can, in certain circumstances, increase the adverse impact to which the Fund's investment portfolio may be subject.

B. Explain the Material Risks Involved for Each Significant Strategy or Method of Analysis; if You Recommend Primarily a Type of Security, Explain the Risks Involved

*OCO's investment program is speculative and may entail substantial risks. Since market risks are inherent in all securities investments to varying degrees, there can be no assurance that our investment objectives will be achieved. In fact, certain investment practices described above can, in some circumstances, increase the risk profile of OCO's clients' investment portfolios. Such clients' activities could result in substantial losses (including the complete loss of all capital) under certain circumstances. **Below is a summary of potentially material risks presented by the strategies and financial assets pursued by OCO are set forth below.** Additional information is contained in the confidential offering memorandum of each Fund. This Brochure does not purport to contain a complete disclosure of all risks that may be relevant to prospective investors in the Funds. These risk factors include only those risks that OCO believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by OCO. See "Certain Risk Factors" in the Fund's Confidential Memorandum for further information.*

Market Risk. The success of the Funds' investment activities will be affected by general economic and market conditions where OCO will have a lack of control, such as, but not limited to, interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, trade barrier, currency fluctuations and controls, national and international political circumstances and force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including, without limitation, acts of God, fire, flood, earthquakes, outbreaks of infectious disease, pandemic or any other serious public health concern, war, terrorism, etc.).

Work From Home. In response to the spread of COVID-19, many businesses, including OCO, have encouraged or mandated that their personnel work from home in an effort to help slow the spread of the coronavirus pandemic. Notwithstanding such precautionary measures, OCO may still experience a significant increase in illness of their respective personnel. Work-at-home arrangements could also lead to employee fatigue, reduced collaboration and less optimal communication and supervision relative to traditional office structures which could severely impair our and/or such service providers' operational capabilities, potentially having a detrimental impact on our business and operations.

Structured Finance Instruments. The Fund may invest in structured finance instruments such as equipment trust certificates, collateralized mortgage obligations, CDOs, collateralized bond obligations, CLOs, consumer loans and other specialty finance assets, including credit cards, auto loans, small business loans, and investments in companies that originate and service specialty finance assets, or similar instruments. Moreover, investing in structured finance instruments may entail a variety of unique risks. Certain classes of such securities may be subordinated to the right of payment of another class. Subordinated structured investments typically have higher yields and present greater risks than unsubordinated structured investments. Among other risks, structured finance

instruments may be subject to prepayment risk. In addition, the performance of a structured finance instrument 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. Moreover, a rapid change in the rate of defaults may have a material adverse effect on the yield to maturity. While a credit rating downgrade of structured finance instruments may cause the Fund to incur losses, it is also possible that the Fund may incur losses on its investments in financial instruments regardless of their ratings by ratings agencies.

Many structured finance instruments are highly complex and may be sensitive to changes in underlying collateral values, interest rates, prepayment rates or other critical variable inputs. There is no guarantee that a liquid market will exist for any structured finance instrument that the Fund may wish to sell. Structured finance instruments generally are limited or non-recourse obligations payable solely from underlying assets or collateral securities or the proceeds thereof. Consequently, holders of structured finance instruments must rely solely on distributions on the underlying assets or collateral securities or proceeds thereof for payment in respect of the structured finance instruments. The underlying assets are subject to, among other things, credit risks, liquidity risks, interest rate risks, market risks, operations risks, structural risks and legal risks and may fluctuate with the financial conditions of the underlying issuers and borrowers. In the event that issuers of the underlying collateral securities or borrowers on the underlying assets default on their obligations, or distributions on the underlying assets or collateral securities are insufficient to make payments in respect of the structured finance instruments, no other assets will be available for the payment of the deficiency. There is no guarantee that liquidation of underlying assets and collateral securities will be sufficient to repay investors for their investment in such structured finance instruments.

In addition, structured finance instruments may involve risks different from those of the assets or securities underlying or backing such structured finance instruments. The failure by a servicer, sponsor or manager of a structured finance instrument to perform adequate credit review scrutiny of underlying assets or collateral securities or to otherwise fulfill its obligations with respect to a structured finance instrument may lead to the liquidation of, or default on, such structured finance instruments. Such failures and defaults may have a negative impact on the return of the structured finance instruments and the performance of the Fund.

The Fund's investments in mortgage and other asset-backed securities may expose it to additional risks arising out of the "risk retention" rules applicable to such securitizations. In October 2014, six federal agencies (the Federal Deposit Insurance Corporation, or the "FDIC," the Comptroller of the Currency, the Federal Reserve Board, the SEC, the Department of Housing and Urban Development and the Federal Housing Finance Agency) adopted joint final rules implementing certain credit risk retention requirements contemplated in Section 941 of the Dodd-Frank Act, or the "Final U.S. Risk Retention

Rules.” These rules were published in the Federal Register on December 24, 2014. With respect to the regulation of securitized products, the Final U.S. Risk Retention Rules require that the “sponsor” or a “majority owned affiliate” thereof (in each case as defined in the rules), will retain an “eligible vertical interest” or an “eligible horizontal interest” (in each case as defined therein) or any combination thereof in the securitized product in the manner required by the Final U.S. Risk Retention Rules.

The Final U.S. Risk Retention Rules became fully effective on December 24, 2016, or the “Final U.S. Risk Retention Effective Date.” The Loan Syndications and Trading Association, or the “LSTA,” a major industry trade association, challenged, among other things, the regulators’ application of Final U.S. Risk Retention Rules to collateral managers of typical so-called open market CLOs. On February 9, 2018, a three judge panel of the United States Court of Appeals for the District of Columbia Circuit, or the “DC Circuit Court,” rendered a decision in *The Loan Syndications and Trading Association v. Securities and Exchange Commission and Board of Governors of the Federal Reserve System*, No. 1:16-cv-0065, in which the DC Circuit Court held that open market CLO managers are not “securitizers” subject to the requirements of the Final U.S. Risk Retention Rules, or the “DC Circuit Ruling.” As of the date of hereof: (a) the time period for the federal agencies responsible for the Final U.S. Risk Retention Rules, or the “Applicable Agencies,” to petition for en banc review of the DC Circuit Ruling has expired, (b) the DC Circuit Court has issued a mandate to the lower court requiring the lower court to implement the DC Circuit Ruling, (c) in accordance with the DC Circuit Court mandate, on April 5, 2018, the U.S. District Court for the District of Columbia, or the “DC District Court,” issued a court order that the Final U.S. Risk Retention Rules are vacated insofar as they apply to collateral managers of open-market collateralized loan obligations and (d) the Applicable Agencies have not filed a petition for certiorari requesting the case to be heard by the United States Supreme Court. Since the Applicable Agencies have not successfully challenged the DC Circuit Ruling and the DC District Court has issued the above described order implementing the DC Circuit Ruling, collateral managers of open market CLOs are no longer required to comply with the Final U.S. Risk Retention Rules at this time. As such, it is possible that some collateral managers of open market CLOs will decide to dispose of the notes constituting the “eligible vertical interest” or “eligible horizontal interest” they were previously required to retain, or will decide to take other action with respect to such notes that is not otherwise permitted by the Final U.S. Risk Retention Rules. There can be no assurance or representation that any of the transactions, structures or arrangements currently under consideration by or currently used by CLO market participants will comply with the Final U.S. Risk Retention Rules to the extent such rules are reinstated or otherwise become applicable to open market CLOs. The ultimate impact of the Final U.S. Risk Retention Rules on the loan securitization market and the leveraged loan market generally remains uncertain, and any negative impact on secondary market liquidity for securities comprising a CLO may be experienced due to the effects of the Final U.S. Risk Retention Rules on market expectations or uncertainty, the relative appeal of other investments not impacted by the Final U.S. Risk Retention Rules and other factors.

The Dodd-Frank Act could significantly challenge the ability to consummate structured finance transactions based on credit derivatives and may adversely affect even the more

traditional consumer finance or trade receivables securitizations, to the extent it increases the cost of interest rate and currency hedging transactions. While disincentives to synthetic securities transactions probably are intentional, adversely affecting the ability of traditional structures to hedge interest rate and currency risk may be an additional, unintended effect of the new rules and may reduce or increase the costs of credit available to consumers or manufacturing companies.

Credit Risk. Credit risk is the risk that the issuer of a debt security might not make interest and principal payments on the security as they become due. The credit quality of the Fund's portfolio securities may meet the Fund's credit quality guidelines at the time of purchase but then deteriorate thereafter, and such a deterioration can occur rapidly. The Fund may incur a significant loss in attempting to liquidate a security the credit rating of which is declining rapidly. In certain instances, the downgrade or default (or threatened downgrade or default) of a single holding or guarantor of the Fund's holding may impair the Fund's liquidity and have the potential to cause significant net asset value deterioration.

Credit Rating Risk. Credit ratings issued by credit rating agencies are designed to evaluate the safety of principal and interest payments of rated securities. They do not, however, evaluate the market value risk of securities and, therefore, may not fully reflect the true risks of an investment. In addition, credit rating agencies may be incorrect in their assessments or may not make timely changes in a rating to reflect changes in the economy or in the conditions of the issuer that affect the creditworthiness of the security.

Call Risk. Call risk is the risk that during periods of falling interest rates, issuers of callable bonds may call or repay securities with higher coupons or interest rates before their maturity dates, which could result in the Fund losing price appreciation or being forced to reinvest the unanticipated proceeds at lower interest rates, resulting in a decline in the Fund's income. This risk is known as prepayment risk. Call and prepayment risk is generally higher with respect to callable bonds.

Interest Rate Risk. Most debt securities in which the Fund may invest are subject to changes in value when prevailing interest rates change. When interest rates fall, the values of already-issued debt securities generally rise. When interest rates rise, the values of already-issued fixed rate debt securities generally fall, and those securities may sell at a discount from their face amount. In addition, debt securities having longer maturities in most circumstances offer higher yields, but are subject to potentially greater fluctuations in value from changes in interest rates than obligations having shorter maturities.

Income Risk. The Fund's income may decline due to the effects of falling interest rates on fixed income securities in which the Fund may invest.

Equity Risk. The Fund may acquire equity securities or options or rights to acquire equity securities in connection with or in addition to its debt investments. Equity risk is the risk that stocks and other equity securities generally fluctuate more than bonds and can decline in value over short or extended periods. The value of stocks and other equity

securities will be affected as a result of changes in a company's financial condition and in overall market and economic conditions.

Senior Secured Debt, Unitranche Debt and Second Lien Secured Debt. When the Fund invests in senior secured term debt, unitranche debt and second lien secured debt, it will generally take a security interest in the available assets of these portfolio companies, including equity interests in their subsidiaries. There is a risk that the collateral securing the Fund's investments may decrease in value over time or lose its entire value, may be difficult to sell in a timely manner, may be difficult to appraise and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. Also, in some circumstances, the Fund's security interest could be subordinated to claims of other creditors. In addition, any deterioration in a portfolio company's financial condition and prospects, including any inability on its part to raise additional capital, may result in a deterioration in the value of the related collateral. Consequently, the fact that debt is secured does not guarantee that the Fund will receive principal and interest payments according to the investment terms or at all, or that the Fund will be able to collect on the investment should the Fund be forced to enforce its remedies.

Risks Associated with Commercial Mortgage Loans. The Fund may invest in commercial mortgage loans or CMBS (including in the EU). The market value and performance of CMBS are subject to the risks applicable to the underlying mortgage loans. The value of the Fund's commercial mortgage loans and any CMBS backed by commercial mortgage loans will be influenced by the rate of delinquencies and defaults experienced on such commercial mortgage loans or the underlying commercial mortgage loans (in the case of CMBS) and by the severity of loss incurred as result of such defaults. The factors influencing delinquencies, defaults and loss severity include: (i) economic and real estate market conditions by industry sectors (e.g., multifamily, retail, office, etc.); (ii) the terms and structure of the mortgage loans; and (iii) any specific limits to legal and financial recourse upon a default under the terms of the mortgage loan.

Commercial mortgage loans are generally viewed as exposing a lender to a greater risk of loss through delinquency and foreclosure than lending on the security of single-family residences. The ability of a borrower to repay a loan secured by income-producing property typically is dependent primarily upon the successful operation and operating income of such property (i.e., the ability of tenants to make lease payments, the ability of a property to attract and retain tenants, and the ability of the owner to maintain the property, minimize operating expenses and comply with applicable zoning and laws) rather than upon the existence of independent income or assets of the borrower. Many commercial mortgage loans provide recourse only to specific assets, such as the property, and not against the borrower's other assets or personal guarantees.

Commercial mortgage loans generally do not fully amortize, which can necessitate a sale of the property or refinancing of the remaining "balloon" amount at or prior to maturity of the mortgage loan. Accordingly, investors in commercial mortgage loans and CMBS backed by commercial mortgage loans bear the risk that the borrower will be unable to

refinance or otherwise repay the mortgage at maturity, thereby increasing the likelihood of a default on the borrower's obligation.

Exercise of foreclosure and other remedies may involve lengthy delays and additional legal and other related expenses on top of potentially declining property values. In certain circumstances, the creditors may also become liable upon taking title to an asset for environmental or structural damage existing at the property.

Lack of Information Regarding Underwriting Standards; Higher Expected Delinquencies in Payment. The Fund will acquire residential and commercial mortgage loans from various unaffiliated savings institutions, finance companies and other sellers. It will also acquire CMBS that may have been originated by institutions other than the sponsor of the applicable securitization. From time to time, the selling entity (or the securitization issuer, as applicable) will not have information available to it as to the underwriting standards that were applied in originating such mortgage loans, which may be less strict than the underwriting standards of the seller, the sponsor of a securitization, or prudent market practices among reputable lenders, generally. As a result, certain Fund investments may experience rates of delinquency and default that are higher than those experienced by mortgage loans that were underwritten in accordance with higher standards. Changes in the values of related mortgaged properties may have a greater effect on the delinquency, default and loss experience of such mortgage loans (and any related CMBS) than on mortgage loans that were originated under stricter guidelines. Further, such loans may lose marketability or liquidity based on regulatory or market changes.

Greater Risk Involving Certain Property Types. The Fund may invest in residential, commercial and consumer performing, non-performing and re-performing whole loans. Mortgage loans secured by multifamily property, mixed use property or commercial property may incur higher losses as a result of delinquency, foreclosure or repossession than mortgage loans secured by single-family residential property.

Higher Risk of Loss on Loans Secured by Non-Owner Occupied Properties. The Fund may invest in mortgage loans (and/or CMBS with underlying mortgage loans) that are secured by commercial, multifamily or mixed use properties, or by properties, including improved and unimproved land, held by borrowers for investment, or by second homes. These mortgage loans may present a greater risk of loss, and the unimproved land may present a significantly greater risk of loss, if a borrower experiences financial difficulties, because these borrowers may be more likely to default on a mortgage loan secured by non-owner occupied property than a mortgage loan secured by a primary residence of a borrower.

Credit Scores May Not Accurately Predict the Performance of Residential Mortgage or Consumer Loans. OCO may rely on credit scores as part of its investment process. Credit scores are obtained by many lenders in connection with residential mortgage or consumer loan applications to help them assess a borrower's creditworthiness. Credit scores are generated by models developed by a third party that analyzes data on consumers in order to establish patterns that are believed to be indicative of the

borrower's probability of default over a two-year period. The credit score is based on a borrower's historical credit data, including, among other things, payment history, delinquencies on accounts, levels of outstanding indebtedness, length of credit history, types of credit, and bankruptcy experience. Credit scores range from approximately 250 to approximately 900, with higher scores indicating an individual with a more favorable credit history compared to an individual with a lower score. However, a credit score purports only to be a measurement of the relative degree of risk a borrower represents to a lender (i.e., a borrower with a higher score is statistically expected to be less likely to default in payment than a borrower with a lower score). Lenders have varying ways of analyzing credit scores and, as a result, the analysis of credit scores across the industry is not consistent. In addition, it should be noted that credit scores were developed to indicate a level of default probability over a two-year period, which does not correspond to the life of a mortgage loan. Furthermore, standard credit scores were not developed specifically for use in connection with mortgage loans, but for consumer loans in general, and assess only the borrower's past credit history. Therefore, a standard credit score does not take into consideration the effect of mortgage loan characteristics (which may differ from consumer loan characteristics) on the probability of repayment by the borrower. There can be no assurance that the credit scores of the mortgagors will be accurate predictors of the likelihood of repayment of the related mortgage loans.

Risks Relating to Investments in RMBS. The Fund may invest certain of its assets in residential mortgage-backed securities ("RMBS") and become holders of RMBS. Holders of RMBS bear various risks, including credit, market, interest rate, structural and legal risks. RMBS generally represent interests in pools of residential mortgage loans secured by residential mortgage loans. Such loans may be prepaid at any time. Residential mortgage loans are obligations of the borrowers thereunder only and are not typically insured or guaranteed by any other person or entity, although such loans may be securitized and the securities issued in such securitization may be guaranteed or credit enhanced. The rate of defaults and losses on residential mortgage loans will be affected by a number of factors, including general economic conditions and those in the area where the related mortgaged property is located, the borrower's equity in the mortgaged property and the financial circumstances of the borrower. If a residential mortgage loan is in default, foreclosure of such residential mortgage loan may be a lengthy and difficult process, and may involve significant expenses. Furthermore, the market for defaulted residential mortgage loans or foreclosed properties may be very limited.

At any one time, a portfolio of RMBS may be backed by residential mortgage loans with disproportionately large aggregate principal amounts secured by properties in only a few states or regions. As a result, the residential mortgage loans may be more susceptible to geographic risks relating to such areas, such as adverse economic conditions, adverse events affecting industries located in such areas and natural hazards affecting such areas, than would be the case for a pool of mortgage loans having more diverse property locations. In addition, the residential mortgage loans may include so-called "Jumbo" mortgage loans, having original principal balances that are higher than is generally the case for residential mortgage loans. As a result, such portfolio of RMBS may experience increased losses.

Each underlying residential mortgage loan in an issue of RMBS may have a balloon payment due on its maturity date. Balloon residential mortgage loans involve a greater risk to a lender than self-amortizing loans, because the ability of a borrower to pay such amount will normally depend on its ability to obtain refinancing of the related mortgage loan or sell the related mortgaged property at a price sufficient to permit the borrower to make the balloon payment, which will depend on a number of factors prevailing at the time such refinancing or sale is required, including, without limitation, the strength of the residential real estate markets, tax laws, the financial situation and operating history of the underlying property, interest rates and general economic conditions. If the borrower is unable to make such balloon payment, the related issue of RMBS may experience losses.

Prepayments on the underlying residential mortgage loans in an issue of RMBS will be influenced by the prepayment provisions of the related mortgage notes and may also be affected by a variety of economic, geographic and other factors, including the difference between the interest rates on the underlying residential mortgage loans (giving consideration to the cost of refinancing) and prevailing mortgage rates and the availability of refinancing. In general, if prevailing interest rates fall significantly below the interest rates on the related residential mortgage loans, the rate of prepayment on the underlying residential mortgage loans would be expected to increase. Conversely, if prevailing interest rates rise to a level significantly above the interest rates on the related mortgages, the rate of prepayment would be expected to decrease. Prepayments could reduce the yield received on the related issue of RMBS.

Structural and Legal Risks of RMBS. Residential mortgage loans in an issue of RMBS may be subject to various federal and state laws, public policies and principles of equity that protect consumers, which among other things may regulate interest rates and other charges, require certain disclosures, require licensing of originators, prohibit discriminatory lending practices, regulate the use of consumer credit information and regulate debt collection practices. Violation of certain provisions of these laws, public policies and principles may limit the servicer's ability to collect all or part of the principal of or interest on a residential mortgage loan, entitle the borrower to a refund of amounts previously paid by it, or subject the servicer to damages and sanctions. Any such violation could result also in cash flow delays and losses on the related issue of RMBS.

RMBS may have structural characteristics that distinguish them from other asset-backed securities. The rate of interest payable on RMBS may be set or effectively capped at the weighted average net coupon of the underlying mortgage loans themselves. As a result of this cap, the return to investors is dependent on the relative timing and rate of delinquencies and prepayments of mortgage loans bearing a higher rate of interest. In general, early prepayments will have a greater impact on the yield to investors. Federal and state law may also affect the return to investors by capping the interest rates payable by certain mortgagors. The Servicemembers Civil Relief Act of 2003 provides relief for soldiers and members of the reserve called to active duty by capping the interest rates on their mortgage loans at 6% per annum. Certain RMBS may provide for the payment of only interest for a stated period of time.

In addition, structural and legal risks of RMBS include the possibility that, in a bankruptcy or similar proceeding involving the originator or the servicer (often the same entity or affiliates), the assets of the issuer could be treated as never having been truly sold by the originator to the issuer and could be substantively consolidated with those of the originator, or the transfer of such assets to the issuer could be voided as a fraudulent transfer. Challenges based on such doctrines could result also in cash flow delays and losses on the related issue of RMBS.

It is not expected that RMBS will be guaranteed or insured by any governmental agency or instrumentality or by any other person, although the Fund will be permitted to invest in direct obligations of, or that are fully guaranteed as to principal and interest by, the United States or certain instrumentalities thereof. Distributions on RMBS will depend solely upon the amount and timing of payments and other collections on the related underlying mortgage loans.

ABS. The Fund may invest either directly or indirectly, through CDOs, in ABS (including CLOs) backed by credit cards, student loans, auto loans, inventory loans, auto dealer floorplan loans, franchise loans, venture capital loans, trade receivables, equipment leases, tax liens, structured settlements, royalties (e.g., franchise, pharmaceutical, film, music) and aircraft leases, as well as ABS backed by other assets that may be developed in the future.

ABS present certain risks that are not presented by CMBS or RMBS. Primarily, these financial instruments may be backed by collateral in which it is more difficult to perfect an enforceable security interest, or which security interest is more difficult to enforce, or for which no readily available “whole loan” market for such collateral exists. For example, credit card receivables are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. In the case of automobile ABS, if the servicer retaining the collateral (as is often permitted) were to fraudulently sell such collateral to another party, there is a risk that the purchaser would acquire an interest superior to that of the holders of the related ABS. In addition, ABS trustees may not have a proper security interest in all of the obligations backing such ABS due to an overwhelming number of such obligations, or certain exceptions agreed by the issuer and underwriter. In certain cases, especially with respect to esoteric, non-traditional ABS, there is no secondary market to trade foreclosed-upon collateral, in which case investors would experience losses in the event of a forced sale upon an event of default. Therefore, there is a possibility that recoveries on foreclosed-upon ABS collateral may not, in some cases, be available to support payments on the related securities. The risk of investing in ABS is ultimately dependent upon payment by the obligor or debtor, which is typically a consumer obligor, but may also be a business or other organization.

The collateral supporting ABS is typically of shorter maturity than residential mortgage loans and is less likely to experience substantial prepayments. ABS are often backed by a pool of assets representing the obligations of a number of different parties and use credit enhancement techniques such as letters of credit, guarantees or preference rights. The

value of an ABS is affected by changes in the market's perception of the asset backing the security and the creditworthiness of the manager or servicer of the asset pool, the originator of the assets or the financial institution providing any credit enhancement, as well as by the expiration or removal of any credit enhancement.

“Widening” Risk for ABS, RMBS and CMBS (including CLOs and CDOs). For reasons not necessarily attributable to any of the risks enumerated above (for example, supply/demand imbalances or other market forces), the prices of the securities in which the Fund invests may decline substantially. In particular, purchasing assets at what may appear to be “undervalued” levels is no guarantee that these assets will not be trading at even more “undervalued” levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such “spread widening” risk.

Consumer Loans/Specialty Finance. The investment portfolio of the Fund may include consumer loans and other specialty finance assets, including credit cards, auto loans, small business loans, and investments in companies that originate and service specialty finance assets. Pricing and optimizing the value of smaller balance credits requires strong analytics and extensive infrastructure. The form of investment may vary and may require reliance on networks of asset managers to provide the resources necessary to originate new receivables, manage portfolios of performing receivables, and work out portfolios of stressed or non-performing receivables. These loans may not be secured and may be subject to increasing regulation. In addition, these loans may be at the time of their acquisition, or may become after acquisition, non-performing for a wide variety of reasons. Such non-performing loans may require a substantial amount of workout negotiations and/or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial write-down of the principal of such loans.

Assignments and Participations. The Fund may acquire interests in loans either directly (by way of direct lending or assignment) or indirectly (by way of participation). The direct lender has all the rights and obligations and is a contracting party under the loan agreement. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the loan agreement with respect to the loan; however, its rights can be more restricted than those of the assigning institution. Participations in a portion of a loan typically result in a contractual relationship only with the institution participating out the interest and not with the obligor. The Fund would, in such a case, have the right to receive payments of principal and interest to which it is entitled only from the institution selling the participation, and not directly from the obligor, and only upon receipt by such institution of such payments from the obligor. As the owner of a participation, the Fund generally will have no right to enforce compliance by the obligor with the terms of the loan agreement or to vote on amendments to the loan agreement, nor any rights of set-off against the obligor, and the Fund may not directly benefit from collateral supporting the loan in which it has purchased the participation.

Risks Associated with Private Debt Securities. The private debt investments intended to be made by the Fund may be below-investment grade securities. Thus many of the risk characteristics of private debt securities purchased by the Fund will be similar to those

described above. Portfolio company issuers of private debt securities purchased by the Fund may face intense competition (including competition from companies with greater resources and capabilities), changing business and economic conditions or other developments which may adversely affect their performance. The success of portfolio companies will be dependent on their management and there can be no assurance that their performance will meet the Fund's expectations. As the Fund generally will hold a non-controlling interest in portfolio companies, it may have to rely solely on contractual covenants (which may not be available) to protect its position in such portfolio companies. In addition, if the private debt securities are subordinated to senior indebtedness, the ability of the Fund to influence a company's affairs, especially during periods of financial distress or following insolvency, is likely to be substantially less than that of senior creditors. There can be no assurance that a portfolio company will generate sufficient cash necessary to service its debt obligations, and, in any such case, the Fund may suffer a partial or total loss of invested capital.

The Fund's investments may be subject to early withdrawal features, refinancing options, prepayment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by the Fund earlier than expected. This may happen when there is a decline in interest rates or if the financial prospects of the borrower improve, enabling the borrower to refinance its debt at a lower cost. Early repayments of the Fund's investments may have a material adverse effect on the Fund's investment objectives and the rate of return on invested capital. In addition, depending on fluctuations of the equity markets, warrants and other equity securities, purchased alongside the private debt securities, may become worthless. Debt securities are also subject to other creditor risks, including (a) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (b) so-called "lender liability" claims by the issuer of the obligations and (c) environmental liabilities that may arise with respect to collateral securing the obligations. In addition, in connection with investments in loans there exists the possibility of material misrepresentations or omissions on the part of the borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of the Fund to perfect or effectuate a lien on any collateral securing the loan. The Fund cannot guarantee the accuracy and completeness of representations made by borrowers.

Private Debt Terms. A private debt investment may have a contractual return that is not paid entirely in cash, but rather partially or wholly in-kind or as an accreting liquidation preference, thus lengthening the time before cash is received, and increasing the Fund's risk exposure to the portfolio company. While the General Partner and OCO seek to achieve the Fund's targeted returns for a given investment, including private debt, other factors, such as overall economic conditions, the competitive environment and the availability of potential purchasers of the securities, may shorten or lengthen the Fund's holding period and some investments may take several additional years from the initial investment date to achieve a realization. In some cases, the Fund may be prohibited by contract from selling certain securities for a period of time. If the Fund is required to liquidate all or a portion of its portfolio positions quickly, then the Fund may realize significantly less than the value at which the Fund previously recorded those investments.

Below Investment Grade Fixed Income Securities. The Fund may invest or hold securities rated lower than Baa by Moody's, BBB by Standard & Poor's, or the equivalent rating of another nationally recognized statistical rating organization, which are considered below investment grade, or in comparable unrated securities. The Fund may continue to hold previously acquired securities that subsequently become rated below investment grade. Below investment grade securities are commonly known as "high yield" or "junk bonds." Securities which are in the lower-grade categories generally offer a higher current yield than is offered by higher-grade securities of similar maturities, but they also generally involve greater risks, such as greater credit risk, greater market risk and volatility, and greater liquidity concerns.

High yield securities may be more susceptible to real or perceived adverse economic and competitive industry conditions than investment grade securities. The prices of high yield securities have in the past been found to be less sensitive to interest-rate changes than higher-rated investments, but more sensitive to adverse economic downturns or individual corporate developments. A projection of an economic downturn or of a period of rising interest rates, for example, could cause a decline in high yield security prices because the advent of a recession could lessen the ability of a highly leveraged company to make principal and interest payments on its debt securities. If an issuer of high yield securities defaults, in addition to risking payment of all or a portion of interest and principal, the Fund may incur additional expenses to seek recovery. In the case of high yield securities structured as zero-coupon or pay-in-kind securities, their market prices are affected to a greater extent by interest rate changes, and therefore tend to be more volatile than securities which pay interest periodically and in cash.

The markets for high yield securities may be less liquid than the markets for investment grade securities. To the extent that there is no established retail market for high yield securities in which the Fund may invest trading in such securities may be relatively inactive. Prices of high yield securities may decline rapidly if a significant number of holders were to decide to sell their holdings in those securities. Changes in expectations regarding an individual issuer of high yield securities generally could reduce market liquidity for such securities and make their sale by the Fund more difficult.

Distressed Securities. The Fund may invest in distressed securities, and may continue to hold (or under certain circumstances add to) certain fixed income securities of companies that subsequently declare bankruptcy or otherwise engage in bankruptcy-type reorganizations. Certain of these companies may be in transition, out of favor, financially leveraged or troubled, or potentially troubled, and may be or have recently been involved in major strategic actions, restructurings, bankruptcy, reorganization or liquidation. These characteristics of these companies can cause their securities to be particularly risky, although they also may offer the potential for high returns. These companies' securities may be considered speculative, and the ability of the companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within the companies.

Unregistered Securities. Private debt investments are typically unregistered securities. Unregistered securities generally may be resold only in a privately negotiated transaction with a limited number of purchasers, or under certain other circumstances, including public registration of such securities. Considerable delay could be encountered in either event. These difficulties and delays could result in the Fund's inability to realize a favorable price upon disposition of the securities, and in some cases might make disposition of such securities at the time desired by the Fund impossible. In those instances where the Fund determines to have unregistered securities held by it registered prior to sale and the Fund does not have a contractual commitment from the issuer or seller to pay the costs of such registration, the gross proceeds from the sale of the securities would be reduced by the registration costs and underwriting discounts in the event of a public offering.

Leveraged Nature of Portfolio Companies. The portfolio companies in which the Fund will invest expect to employ considerable leverage, a significant portion of which may be at floating interest rates. The leveraged capital structure of the portfolio companies will increase the sensitivity of the Fund's investments to any deterioration in a company's revenues, condition or industry, competitive pressures, an adverse economic environment or rising interest rates. In the event any such portfolio company cannot generate adequate cash flow to meet debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio company.

Market Volatility. Even in the absence of a default with respect to a loan, the market value of a loan investment at any time will vary due to market volatility and may vary substantially from the price at which such loans were initially purchased and from the principal amount of such loans. Additionally, many loans are currently trading at values that, by historic standards, would cause the loan to be considered a discount or deep discount asset. The market value of the loans will generally fluctuate with, among other things, the financial condition of the obligors of the loans, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates.

Short Selling. Short selling involves selling securities which are not owned and borrowing them for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Fund engages in short sales will depend upon the General Partner's or OCO's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. There can be no assurance that the Fund will be able to maintain the ability to borrow securities sold short. In such case, the Fund can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Additionally, certain market participants could accumulate such securities in a "short squeeze," which would reduce the available supply, and thus increase the cost,

of such securities. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. In addition, the securities borrowed by the Fund to effect the short sale may be recalled by the lender of those securities at any time, thus forcing the Fund to purchase the securities to close out the short position at a loss.

In response to dislocations in the financial services industry and other market events, the SEC and foreign regulators have imposed, and may continue to impose, restrictions on and reporting obligations with respect to short selling. Uncertainty surrounding the confidential nature of the required disclosures of the Fund's short sales could discourage short selling by the Fund in circumstances where OCO believes that the public disclosure of such short sales may be adverse to its interests. In addition, limitations on the short selling of securities could interfere with the ability of the Fund to execute certain aspects of its investment strategies, including its ability to hedge certain exposures and execute transactions to implement its risk management guidelines and any such limitations may adversely affect the performance of the Fund.

Insolvency Considerations. Various laws enacted for the protection of creditors may apply to the Fund's investments, if any, in U.S. debt. The information in this paragraph is applicable with respect to U.S. obligors. If a court were to find that the obligor did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting the loan in a lawsuit brought by an unpaid creditor or representative of creditors of an obligor (such as a trustee in bankruptcy) under a loan, and, after giving effect to such indebtedness, the obligor: (i) was insolvent; (ii) was engaged in a business for which the remaining assets of such obligor constituted unreasonably small capital; or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing and/or future creditors of the obligor or to recover amounts previously paid by the obligor in satisfaction of such indebtedness. There can be no assurance as to what standard a court would apply in order to determine whether the obligor was "insolvent" after giving effect to the incurrence of the indebtedness constituting the loan or that, regardless of the method of valuation, a court would not determine that the obligor was "insolvent" upon giving effect to such incurrence. In addition, in the event of the insolvency of an obligor of a loan, payments made on such loan could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year) before insolvency. In general, if payments on an obligation are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured from the initial recipient (such as the Fund). The loans of obligors not organized or incorporated in the United States will be subject to laws enacted in their home countries for the protection of creditors, which may differ from the U.S. laws described above and may be less favorable to creditors than such U.S. laws.

Lender Liability Considerations, Equitable Subordination, Disallowance of an Assigned Claim, and Possible Recharacterization of Claims by a Bankruptcy Court. Borrowers may be able to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the

premise that an institutional lender has violated an implied or contractual duty of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. While believed to be unlikely, because of the nature of certain of its investments, the Fund could be subject to allegations of lender liability. In particular, under certain legal principles, if a lender or bondholder (a) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of the borrower's other creditors; (b) engages in deceptive conduct or fraud, makes misrepresentations, or breaches fiduciary duties, to the detriment of such creditors; (c) uses its influence as a stockholder or creditor to dominate or control a borrower or its board of directors to the detriment of other creditors of such borrower; or (d) engages in other inequitable conduct to the detriment of such other creditors, a bankruptcy court may equitably subordinate the claim of the offending lender or bondholder or, if such claim is assigned by the offending lender or bondholder, a court may subordinate the claim of an assignee. For example, if a lender engaged in wrongful conduct that warrants equitable subordination of its claim against the issuer, and the lender subsequently assigns its claim to the Fund, such claim asserted by the Fund may be equitably subordinated based on the lender's conduct. Because of the potential of OCO or its affiliates to have investments in several positions in the same, different or overlapping levels of a portfolio company's capital structure, the Fund may be subject to claims from creditors of a portfolio company that the investments should be equitably subordinated to the payment of other obligations of the portfolio company by reason of the conduct of the Fund or OCO and its affiliates. In addition, under certain circumstances, a bankruptcy court could also recharacterize claims held by the Fund as equity interests, and thereby subject such claims to the lower priority afforded equity claims in certain restructuring scenarios. If claims held by the Fund are equitably subordinated or recharacterized as equity interests, the return on investment or anticipated distributions expected to be received by the Fund from a particular investment could be materially adversely affected. Moreover, if a creditor receives a payment or other transfer that is voidable and subsequently assigns the claim, it is possible that the assignee would not be able to enforce the claim against the debtor. For example, if a lender received and did not return a voidable preferential payment made before the debtor filed for bankruptcy, and the claim is subsequently assigned to the Fund, it is possible that the Fund's claim against the debtor would be disallowed.

Participation on Creditors' Committees and Boards of Directors. The General Partner or OCO, on behalf of the Fund or of other funds or accounts they manage, may participate on committees formed by creditors to negotiate with the management of financially troubled companies that may or may not be in bankruptcy. They may also seek to negotiate directly with debtors with respect to restructuring issues. In the situation where a representative of the General Partner or OCO chooses to join a creditors' committee, the representative would likely be only one of many participants, each of whom would be interested in obtaining an outcome that is in its individual best interest. There can be no assurance that the representative would be successful in obtaining results most favorable to it in such proceedings, although the representative may incur significant legal fees and other expenses in attempting to do so. As a result of participation by the representative on such committees, the representative may be deemed to have duties to other creditors

represented by the committees, which might thereby expose the Fund to liability to such other creditors who disagree with the representative's actions.

It is possible that the General Partner or OCO will be represented on the boards of some of the companies in which the Fund makes investments. Such representation may have the effect of impairing the ability of the General Partner or OCO to sell the Fund's related securities when, and upon the terms, it might otherwise desire, including as a result of applicable securities laws.

Accounting for Uncertainty in Income Taxes. The Financial Accounting Standards Board has released Accounting Standards Codification Topic 740 ("ASC 740") (formerly known as "FIN 48"), to provide consistent guidance on the recognition of uncertain tax positions. ASC 740 prescribes, among other things, the minimum recognition threshold that a tax position is required to meet before being recognized in an entity's financial statements. Prospective Limited Partners should be aware that, among other things, ASC 740 could have a material adverse effect on the periodic calculations of the net asset value of the Fund, including reducing the net asset value of the Fund to reflect reserves for income taxes that may be payable in respect of prior periods by the Fund. This could adversely affect certain Limited Partners, depending upon the timing of their purchase and withdrawal of limited partnership interests.

European Market Infrastructure Regulation. The Fund may enter into OTC derivative contracts for hedging purposes. European Market Infrastructure Regulation ("EMIR") establishes certain requirements for OTC derivatives contracts, including mandatory clearing obligations, bilateral risk management requirements and reporting requirements. Although not all the regulatory technical standards specifying the risk management procedures, including the levels and type of collateral and segregation arrangements, required to give effect to EMIR have been finalized and it is therefore not possible to be definitive, investors should be aware that certain provisions of EMIR impose obligations on the Fund in relation to their transaction of OTC derivative contracts.

The potential implications of EMIR for the Fund include, without limitation, the following:

(i) clearing obligation: certain standardized OTC derivative transactions will be subject to mandatory clearing through a central counterparty (a "CCP"). Clearing derivatives through a CCP may result in additional costs and may be on less favorable terms than would be the case if such derivative was not required to be centrally cleared;

(ii) risk mitigation techniques: for those of their OTC derivatives which are not subject to central clearing, the Fund will be required to put in place risk mitigation requirements, which include the collateralization of all OTC derivatives. These risk mitigation requirements may increase the cost of the Fund pursuing their hedging strategy;

(iii) reporting obligations: each of the Fund's OTC derivative transactions must be reported to a trade repository or the European Securities and Markets Authority. This reporting obligation may increase the costs to the Fund of utilizing OTC derivatives; and

(iv) risk of regulatory sanctions in the event of non-compliance with the EMIR obligations.

Exposure to Material Non-Public Information. From time to time, OCO may receive material non-public information with respect to an issuer of publicly traded securities or other financial instruments. In such circumstances, the Fund may be prohibited, by law, policy or contract, for a period of time from (i) unwinding a position in such issuer, (ii) establishing an initial position or taking any greater position in such issuer, and (iii) pursuing other investment opportunities related to such issuer.

Reliance on Experts. OCO may engage and retain strategic advisors, consultants, senior advisors and other similar professionals, including members of "expert networks" who are not employees or affiliates of OCO and which may include former senior officials, and other high-profile political figures, including persons known to be close associates of such individuals. The nature of the relationship with each of these professionals and the amount of time devoted or required to be devoted by them may vary considerably. In certain cases, they provide OCO with industry- or jurisdiction-specific insights and feedback on investment themes, assist in transaction due diligence, and make introductions to and provide reference checks on management teams. In other cases, they take on more extensive roles and contribute to the origination of new investment opportunities. In certain instances, OCO may have formal arrangements with these professionals (which may or may not be terminable upon notice by any party), and in other cases the relationships may be more informal.

There can be no assurance that any of the consultants and/or other professionals will continue to serve in such roles and/or continue their arrangements with OCO throughout the term of the Fund. Further, in the event that material non-public information is obtained by such persons, the Fund may become (or may elect to become) subject to trading restrictions pursuant to the internal trading policies of OCO or as a result of applicable law or regulations or be prohibited for a period of time from purchasing or selling financial instruments, which prohibition may have an adverse effect on the Fund. The Fund and OCO may also become subject to legal, regulatory, reputational and other unforeseen risks as a result of these professionals' high-profile positions.

Temporary Defensive Positions. The Fund may temporarily hold up to 100% of its total assets in investments that are not a part of its main investment strategy to try to avoid losses during unfavorable market conditions. These investments may include cash (which will not earn any income), money market instruments and debt securities issued or guaranteed by the U.S. government or its agencies. These investments could prevent the Fund from achieving its investment objective and could reduce the Fund's return and affect its performance during market swings.

Preferred Stocks. The Fund may invest in non-convertible preferred stocks, which may have fixed or variable dividend rates. Preferred stock generally has a preference as to dividends and liquidation over an issuer's common stock but ranks junior to debt securities in an issuer's capital structure. Unlike interest payments on debt securities, preferred stock dividends are payable only if declared by an issuer's board of directors. Preferred stock may be subject to optional or mandatory redemption provisions. The ability of preferred stocks to generate income is dependent on the earnings and continuing declaration of dividends by the issuers of preferred stocks.

Convertible Securities. The Fund may invest in securities the value of which is tied to the price or value of another security, such as convertible bonds and convertible preferred securities. A convertible security entitles the holder to exchange it for a fixed number of shares of common stock (or other equity security), usually at a fixed price within a specified period of time. Until conversion, the owner of convertible securities usually receives the interest paid on a convertible bond or the dividend preference of a preferred stock.

A convertible security has an "investment value" which is a theoretical value determined by the yield it provides in comparison with similar securities without the conversion feature. Investment value changes are based upon prevailing interest rates and other factors. It also has a "conversion value," which is the market value the convertible security would have if it were exchanged for the underlying equity security. Convertible securities may be purchased at varying price levels above or below their investment values or conversion values.

Conversion value is a mathematical calculation that fluctuates directly with the price of the underlying security. However, if the conversion value is substantially below the investment value, the market value of the convertible security is governed principally by its investment value. If the conversion value is near or above the investment value, the market value of the convertible security generally will rise above the investment value. In such cases, the market value of the convertible security may be higher than its conversion value, due to the combination of the convertible security's right to interest (or dividend preference) and the possibility of capital appreciation from the conversion feature. However, there is no assurance that any premium above investment value or conversion value will be recovered because prices change and, as a result, the ability to achieve capital appreciation through conversion may be eliminated.

Corporate Debt Obligations. The Fund may invest in corporate debt obligations and other forms of indebtedness, including commercial paper. Corporate debt obligations are subject to credit risk – i.e., the risk of an issuer's inability to meet principal and interest payments on the obligations.

Risk of Derivatives. The Fund may engage in the trading of derivatives. Although the terms for many derivatives transactions have been standardized and the markets for the resale of derivative instruments are more fully developed, they remain customized contracts traded in the over the counter markets. As a result, the valuation of derivative contracts is difficult and inexact and may not represent the price which could be obtained

if the instrument were sold. In addition, the settlement of a derivative transaction is subject to counterparty risk. The Fund may be subject to significant loss if a counterparty fails to perform as required under the applicable contract.

Futures, Options and other Derivative Instruments. The Fund may invest in certain futures contracts, including stock index futures contracts, futures contracts on government securities, interest rates, non-U.S. currencies, metals and energy products, and the Fund may trade options on such futures contracts, including purchasing call options, writing (selling) naked or covered call options and purchasing or selling put options on such futures contracts. The Fund may also purchase or sell options on securities and securities indices. In addition, the Fund may enter into forward contracts, currency transactions and various swap and swap-like arrangements.

Futures contracts markets are highly volatile and are influenced by a variety of factors, including national and international political and economic developments. In addition, because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the trader. Moreover, futures positions are marked to market each day and variation margin payments must be paid to or by a trader.

Positions in futures contracts may be closed out only on the exchange on which they were entered into or through a linked exchange, and no secondary market exists for such contracts. Although the Fund would typically enter into futures contracts only if an active market exists for the contracts, no assurance can be given that an active market will exist for the contracts at any particular time. Certain futures exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, the Fund could be prevented from promptly liquidating unfavourable positions and thus be subjected to substantial losses.

In addition, the CFTC and various exchanges impose speculative position limits on the number of positions a person or group may hold or control in particular commodities. For purposes of complying with speculative position limits, the Fund's outright positions (i.e., those that are not bona fide hedge positions or spread positions specifically exempted from speculative limits) may be aggregated with positions of certain related persons and, as a result, the Fund may be unable to take positions in particular futures contracts or may be forced to liquidate positions in particular futures contracts.

When used for hedging purposes, an imperfect or variable degree of correlation between price movements of the futures contracts and the underlying investment sought to be hedged may prevent the Fund from achieving the intended hedging effect or expose the Fund to the risk of loss.

Unlike trading on domestic futures exchanges, trading on non-U.S. futures exchanges is not regulated by the CFTC and may be subject to greater risks than trading on domestic exchanges. For example, some non-U.S. exchanges are principal markets so that no

common clearing facility exists and a trader may look only to the broker for performance of the contract. In addition, unless the Fund hedges against fluctuations in the exchange rate between the U.S. dollar and the currencies in which trading is done on non-U.S. exchanges, any profits that the Fund might realize in trading could be eliminated by adverse changes in the exchange rate, or the Fund could incur losses as a result of those changes.

Use of other derivative instruments presents many of the same risks as those discussed above regarding futures contracts, including those risks relating to volatility, liquidity, hedging and non-U.S. trading.

Options trading involves certain additional risks. Specific market movements of the option and the instruments underlying an option cannot be predicted. No assurance can be given that a liquid offset market will exist for any particular option or at any particular time. If no liquid offset market exists, the Fund might not be able to effect an offsetting transaction in a particular option. To realize any profit in the case of an option, therefore, the option holder would need to exercise the option and comply with margin requirements for the underlying instrument. A writer could not terminate the obligation until the option expired or the writer was assigned an exercise notice. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. The writer of an option is subject to the risk of loss resulting from the difference between the premium received for the option and the price of the futures contract underlying the option that the writer must purchase or deliver upon exercise of the option. The writer of a naked option may have to purchase the underlying contract in the market for substantially more than the exercise price of the option in order to satisfy his delivery obligations. This could result in a large net loss.

Stock or index options that may be purchased or sold by the Fund may include options not traded on a securities exchange. The risk of non-performance by the obligor on such an option may be greater and the ease with which the Fund can dispose of or enter into closing transactions with respect to such an option may be less than in the case of an exchange traded option.

Trading in Securities, Futures and Other Investments of the Fund May be Illiquid.

Certain investment positions of the Fund may be illiquid. The Fund may invest in non-publicly traded securities and securities traded on non-U.S. exchanges. Futures positions may be illiquid because, for example, most United States commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices in various commodities occasionally have moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Fund from promptly liquidating unfavorable positions and subject the Fund to substantial losses. In addition, the Fund may not be able to execute futures contract trades at favorable prices if little trading in the

contracts involved is taking place. It also is possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

Forward Currency Contracts. The Fund may invest a significant portion of its total assets in forward currency contracts. Forward currency contracts may not be liquid in all circumstances so that in volatile markets, to the extent the Fund wishes to do so, it may not be able to close out a position by taking another position equal and opposite to such position on a timely basis or without incurring a sizable loss. The closing out of a forward currency contract has the effect of wholly or partially neutralizing the sensitivity of a forward currency position with respect to exchange rate fluctuations from the time of closing out until the maturity date of the initial forward currency position. Net settlement of the forward currency contracts takes place on the respective maturity dates. Further, closing transactions with respect to forward currency contracts usually are effected with the currency trader who is a party to the original forward contract and generally require the consent of such trader. There can be no assurance, however, that the Fund will be able to close out its obligations. If it cannot do so, the Fund will take delivery and may suffer a loss. Moreover, the potentially unlimited fluctuation in value of a forward currency contract creates an ongoing greater potential financial risk than does purchasing options contracts, where the exposure is limited to the cost of the initial premium.

In connection with its possible trading in non-U.S. currency forward contracts, the Fund may contract with a non-U.S. or domestic bank to make or take future delivery of a specified lot of a particular currency for the Fund's account. There are no limitations on daily price moves in such forward contracts. Banks and futures commission merchants with whom the Fund may maintain accounts may require the Fund to deposit margin with respect to such trading. Banks are not required to continue to make markets in such contracts. There have been periods during which certain banks have refused to quote prices for such forward contracts or have quoted prices with an unusually wide spread between the price at which the bank is prepared to buy and that at which it is prepared to sell. Arrangements to trade forward contracts may be made with only one or a few banks, and liquidity problems therefore might be greater than if such arrangements were made with numerous banks. The imposition of credit controls by governmental authorities might limit such forward trading to less than that which the General Partner or OCO would otherwise recommend, to the possible detriment of the Fund. Neither the CFTC nor banking authorities currently regulate forward contract trading through banks, and non-U.S. banks are not regulated by any U.S. governmental agency. With respect to its trading of forward contracts with banks, if any, the Fund will be subject to the risk of bank failure and the inability of, or refusal by, a bank to perform with respect to such contracts. Any such default would deprive the Fund of any profit potential or force the Fund to cover its commitments for resale, if any, at the current market price, and could result in a loss to the Fund.

Warrants. The Fund may purchase and sell warrants. Warrants are generally long-term options or contractual rights to purchase a particular security to be issued by the issuer of the warrants. The Fund may use warrants in substantially the same manner as purchased

call options. If a warrant is not sold or exercised prior to its expiration date, it becomes valueless. The risks associated with the practice of investing in warrants vary depending on the kind of investments, but include unlimited potential losses, the surrender of potential for capital appreciation, increased transaction costs, and inactive markets.

Exchange Traded Funds. The Fund may invest in Exchange Traded Funds (“ETFs”), which are shares of publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield of specific indexes or companies in related industries. These indexes may be either broad-based, sector or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. In addition, the Fund may bear, along with other shareholders of an ETF, its *pro rata* portion of the ETF’s expenses, including management fees.

Hedging Transactions. The Fund may utilize financial instruments such as forward contracts, currency options and interest rate swaps, caps, collars and floors to seek to hedge against fluctuations in the relative values of the Fund’s portfolio positions as a result of changes in currency exchange rates and market interest rates. However, the General Partner is not required to establish hedges for portfolio positions and may determine not to hedge against particular risks or may not anticipate the occurrence of such risks. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus offsetting the decline in the portfolio positions’ value. Such hedge transactions also limit the opportunity for gain if the value of the portfolio position should increase. Moreover, it may not be possible for the Fund to hedge against an exchange rate or interest rate fluctuation that is so generally anticipated that the Fund is not able to enter into a hedging transaction at a price sufficient to protect the Fund from the decline in value of the portfolio position anticipated as a result of such a fluctuation.

The success of the Fund’s hedging transactions will be subject to the General Partner and OCO’s ability to correctly predict movements in and the direction of currencies and interest rates. Therefore, while the Fund may enter into such transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in a poorer overall performance for the Fund than if it had not engaged in any such hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions OCO may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Fund from achieving the intended hedge or expose the Fund to risk of loss. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Fund’s portfolio holdings.

Swap Agreements. The Fund may enter into swap agreements. Swap agreements can be individually negotiated and structured to provide the Fund with exposure to a variety of different types of assets, including currencies, interest rates, securities, commodities, and credit risks. Depending on their structure, swap agreements may increase or decrease the exposure of the Fund to long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, mortgage securities, corporate borrowing rates, asset-based securities, collateralized debt obligations, indices, or other assets or factors such as security prices, baskets of equity securities, or inflation rates. Swap agreements can take many different forms and are known by a variety of names. In general, swaps and other custom instruments that are not cleared are subject to counterparty risk, which is the risk of nonperformance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty. Depending on the type of swap, the Fund may instead be subject to the risk of the failure of the exchange on which it trades the swap or the clearinghouse through which it clears the swap. The Fund is not precluded from entering into any particular form of swap agreement if OCO determines it is consistent with the investment objective and policies of the Fund.

Swap agreements tend to shift investment exposure from one type of investment to another. For example, if the Fund agrees to exchange payments in U.S. dollars for payments in a non-U.S. currency, the swap agreement would tend to decrease the Fund's exposure to the U.S. dollar and interest rates and increase its exposure to the relevant non-U.S. currency and related interest rates. Depending on how they are used, swap agreements may increase or decrease the overall volatility or risk of the portfolio of the Fund. The most significant factor in the performance of swap agreements is the change in the referenced asset, whether an interest rate, currency, security, commodity or reference entity, along with other factors that impact the amounts of payments due to and from the Fund. If a swap agreement calls for payments by the Fund, the Fund must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Fund. Generally speaking, swap agreements require each party to post margin at the beginning of the trade and throughout the life of the agreement to collateralize any adverse mark to market movement in the value of the swap to such party. A bankruptcy of the collateral holder may result in losses to the extent posted collateral exceeds the obligations of the pledging party under the swap agreement.

Repurchase Agreements. The use of repurchase agreements by the Fund involves certain risks. For example, if the seller of securities under a repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Fund 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, the Fund's ability to dispose of the underlying securities may be restricted. Finally, it is possible that the Fund may not be able to substantiate its interest in the underlying securities. If the seller fails to repurchase the securities, the Fund may suffer a loss to the extent proceeds from the sale of the underlying securities are less than the repurchase price.

Recourse to Assets. The Fund's assets, including any investments made by the Fund and any funds held by the Fund, are available to satisfy all liabilities and other obligations of the Fund. If the Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund's assets generally and may not be limited to any particular asset, such as the asset representing the investment giving rise to the liability. Accordingly, Limited Partners could find their interests in the Fund's assets adversely affected by a liability arising out of an investment in which they did not participate.

Small and Medium Capitalization Companies. The Fund may invest in the stocks and other securities of companies with small to medium-sized market capitalizations, including growth-stage companies. While such companies may provide significant potential for appreciation, smaller-capitalization stocks involve higher risks in some respects than do investments in stocks of larger companies. For example, prices of small-capitalization and even medium-capitalization stocks are often more volatile than prices of large-capitalization stocks and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than for larger, "blue-chip" companies. In addition, due to thin trading in some small-capitalization stocks, an investment in those stocks may be highly illiquid.

Regulated Industries. The Fund may invest in issuers that operate in regulated industries. To the extent that the Fund makes investments in issuers that are involved in industries that are subject to greater amounts of regulation than other industries generally, such investments would pose additional risks relative to investments in other issuers. The operations of such issuers will be subject to compliance with applicable regulations, and such issuers may be subject to increased regulations resulting from both new requirements and re-regulation of previously de-regulated markets. Prices may be artificially controlled, and regulatory burdens may increase costs of operations. Additionally, such issuers may be highly dependent on government contracts, which could further increase the risks of investing in such issuers. Issuers also could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on them. Governments have considerable discretion in implementing regulations that could impact an issuer's business, and governments may be influenced by political considerations and may make decisions that adversely affect an issuer's business. Additionally, certain issuers may have a unionized workforce or employees who are covered by a collective bargaining agreement, which could subject their activities and labor relations matters to complex laws and regulations relating thereto. Moreover, their operations and profitability could suffer if they experience labor relations problems. Upon the expiration of their collective bargaining agreements, they may be unable to negotiate new collective bargaining agreements on terms favorable to them, and their business operations at one or more of their facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating their collective bargaining agreements. Work stoppages could have a material adverse effect on the business, results of operations and financial condition of any such issuers. Any such problems could impact the credit quality of any such issuer or otherwise adversely impact an investment in such issuer by the Fund and additionally

may bring scrutiny and attention to the Fund itself, which could adversely affect the Fund's ability to implement its investment objectives.

Investment Program. The Fund may opportunistically implement strategies or discretionary approaches which may at times differ from those described in this Confidential Memorandum. The risks associated with such strategies may be different from those described herein. There can be no assurance that OCO will be successful in applying any such strategy or discretionary approach and that losses will be avoided. Any of these new trading techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the Fund. In addition, any new investment strategy or hedging technique developed by the Fund may be more speculative than earlier techniques and may increase the risk of an investment in the Fund.

Cybersecurity. OCO and its service providers are subject to risks associated with a breach in cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from both intentional cyber-attacks and hacking by other computer users as well as unintentional interruption that, in either case, can result in damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. A cybersecurity breach could expose both OCO, and its Funds to substantial costs (including, without limitation, those associated with forensic analysis of the origin and scope of the breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, litigation, adverse investor reaction, the dissemination of confidential and proprietary information and reputational damage), civil liability as well as regulatory inquiry and/or action. While OCO has established policies and procedures to seek to prevent cybersecurity breaches, there are inherent limitations in such plans, strategies, systems, policies and procedures including the possibility that certain risks have not been identified. Furthermore, OCO and its Funds cannot control the cybersecurity plans, strategies, systems, policies and procedures put in place by other service providers used by OCO and/or the issuers in which the Funds invest.

Potential SEC Enforcement Actions. There can be no assurance that OCO or any of its affiliates will not be subject to regulatory examination and possibly enforcement actions. Recent SEC enforcement actions and settlements involving U.S.-based private fund advisers have involved a number of issues, including the undisclosed allocation of the fees, costs and expenses related to unconsummated co-investment transactions (i.e., the allocation of broken deal expenses), undisclosed legal fee arrangements affording the applicable adviser with greater discounts than those afforded to funds advised by such adviser and the undisclosed acceleration of certain special fees. If the SEC or any other governmental authority, regulatory agency or similar body takes issue with the practices of OCO (or any of its affiliates), it will be at risk for regulatory sanction. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against OCO (or any of its affiliates) was small in monetary amount, the adverse publicity

relating to the investigation, proceeding or imposition of these sanctions could harm the reputations of OCO and may adversely affect the investment performance of the Fund by hindering OCO's ability to conduct the business of the Fund.*

Item 9 Disciplinary Information

OCO and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel.

Item 10 Other Financial Industry Activities and Affiliations

Neither OCO, nor any of its employees, have any other industry affiliations or outside business activities that would be material to a prospective client or investor's evaluation of our firm.

Item 11 Code of Ethics

A. Describe Code of Ethics

The Code of Ethics ("Code") was adopted by OCO to govern, among other things, personal transactions by employees and to ensure that the interests of employees do not conflict with the interests of clients, and their underlying investors. The Code prohibits OCO employees from participating in abusive trading practices, such as trading to induce others to purchase or sell securities or other instruments in violation of the securities laws. The Code also prohibits employees from trading certain securities or other instruments in any personal securities account absent the prior approval of OCO's Chief Compliance Officer, or her designee. Generally, an employee is prohibited from trading in a security until the third day after the date OCO has transacted in such security on behalf of its clients.

The Code also contains policies and procedures relating to the use of expert networks and research consultants reasonably designed to protect OCO against obtaining material nonpublic information.

A copy of the Code is available to any client or prospective client upon request.

B. Recommend Securities to Clients in Which You Have a Material Interest

* In 2016, Omega Advisors, Inc. ("Omega"), which previously served as the investment manager to the Fund, and Leon Cooperman, the sole shareholder of Omega and the sole member the Fund's former general partner, Omega Associates, L.L.C., were named defendants to an enforcement action brought by the SEC in connection with a particular series of trades. The alleged improper trading activity under such enforcement action was not attributable to, and did not involve, the Managing Partner. Omega and Mr. Cooperman entered into settlement agreements on May 18, 2017, which resolved the SEC action. OCO does not believe these events will have an adverse effect on the Fund.

Personal Trading. Principals, partners and employees of OCO may invest for their own account in various instruments that are senior, *pari passu* or junior to, or have interests different from, the instruments that are owned by the Fund, in each case, in accordance with the policies and procedures of the OCO. Principals, partners and employees of OCO invest their personal capital in the Fund and in the Affiliated Funds, generally through direct investments in the Fund or such Affiliated Funds, but also through their trusts and estate planning vehicles (which includes charitable organizations supported by them). OCO believes that this alignment of financial interest between investors and OCO should minimize certain conflicts of interest that may exist.

Investments by Principals, Partners and Employees. “Proprietary” capital (investments by employees of OCO and their trusts and estate planning vehicles) will not necessarily at all times be allocated to the Fund and will not necessarily be allocated based on the respective net asset values of such the Fund,

C. Invest in the Same Securities as You Recommend to Clients

Please see the response to Items 11.A. and 11.B. above. From time to time, employees of OCO or its affiliates may have interests in securities or other instruments owned by or recommended to OCO clients. OCO may purchase or sell for the Fund securities or other instruments of an issuer in which OCO employees also have a position or interest. If an employee wishes to purchase or sell a security or other instrument (other than exempt securities as specified in the Code) that OCO intends to purchase or sell for the Fund, that security or other instrument may generally be purchased or sold by that employee, on the third day following the day on which Fund order(s) have been fully executed.

As these situations may represent a potential conflict of interest, OCO has implemented procedures relating to personal securities transactions and insider trading that are designed to prevent actual conflicts of interest, as well as conflicts among and between its affiliates. These are set out in the Code.

OCO has also implemented policies and procedures designed to prevent actual conflicts of interest, as well as conflicts among and between its affiliates. These are set out in OCO’s compliance manual.

D. Recommend Securities to Clients at Same Time as Buy/Sell for Your Own Account

Please see response to Item 11.C. above.

Item 12 Brokerage Practices

OCO places all orders for the purchase or sale of securities with the primary objective of seeking to obtain the best combination of price and execution. OCO has a high standard of quality regarding execution services and deals only with brokers that OCO believes can meet that standard.

In selecting brokers to effect portfolio transactions for the Fund, OCO considers such factors as price, transaction costs, the ability of the brokers to effect the transactions, the brokers' facilities, reliability and financial responsibility, capital introduction programs, quality of research, commitment of capital, access to company management, access to deal flow and the provision, and the provision or payment (or the rebate to the Fund for payment) of the costs of research and research-related services which are of benefit to the Fund, OCO or related funds and accounts, as well as other factors that are deemed appropriate to consider under the circumstances. Accordingly, if OCO determines in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, the Fund may pay commissions to such broker in an amount greater than the amount another broker might charge. If OCO decides, based on the factors set forth above, to execute over-the-counter transactions on an agency basis through Electronic Communications Networks (each, an "ECN"), it will also consider the following factors when choosing to use one ECN over another: the ease of use, the flexibility of the ECN compared to other ECNs and the level of care and attention that will be given to smaller orders. OCO maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

Research products or services provided to OCO may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, statistical information, accounting and tax law interpretations, political developments, legal developments affecting portfolio companies, technical market action, pricing and appraisal services, credit analysis, risk measurement analysis, performance analysis and analysis of corporate responsibility issues providing lawful and appropriate assistance to OCO in the performance of its investment decision-making responsibilities. Such research services are received primarily in the form of written reports, telephone contacts and personal meetings with security analysts.

The Fund's securities transactions can be expected to generate a substantial amount of brokerage commissions and other compensation, all of which the Fund, not OCO, will be obligated to pay. OCO will have complete discretion in deciding what brokers and dealers the Fund will use and in negotiating the rates of compensation the Fund will pay.

From time to time, brokers may assist the Fund in raising additional funds from investors. In addition, from time to time, an investor may request that OCO direct brokerage to a broker affiliated with an advisor to the investor who had recommended that the investor invest in the Fund. **Subject to its obligation to seek best execution, OCO may consider referrals of investors to the Fund, and requests by investors to direct brokerage, in determining its selection of brokers. However, OCO will not commit to an investor or broker to allocate a particular amount of brokerage in any such situation.**

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above.

A broker is not excluded from receiving business because it has not been identified as providing research services. The investment information received from the Fund's brokers may be used by the OCO in servicing all of its accounts, and not all such information need be used by the OCO in connection with the Fund. Nonetheless, the OCO believes that such investment information provides the Fund with benefits by supplementing the research otherwise available to the Fund.

From time to time, the Fund may execute over-the-counter trades on an agency basis rather than on a principal basis. In these situations, the broker used by the Fund may acquire or dispose of a security through a market-maker (a practice known as "interpositioning"). The transaction may thus be subject to both a commission and a mark-up or mark-down. OCO believes that the use of a broker in such instances is consistent with its duty of obtaining best execution for the Fund. The use of a broker can provide anonymity in connection with a transaction. In addition, a broker may, in certain cases, have greater expertise or greater capability in connection with both accessing the market and executing a transaction.

Goldman, Sachs & Co. (the "Prime Broker") acts as the prime broker for the Fund and clears (on the basis of payment against delivery) the Fund's securities transactions which are effected through other brokerage firms. The Prime Broker also acts as the primary custodian of the Fund's securities, but receives no separate fee therefor. The Fund is not committed to continue its prime broker relationship with the Prime Broker for any minimum period. The Fund may enter into prime brokerage relationships with other brokers as it deems necessary or desirable. The Fund's securities and other assets are held in a securities account at the Prime Broker maintained in the Fund's name. To the extent that securities are purchased in non-U.S. markets, the Prime Broker will transfer funds to its sub-custodian located in the country in which the securities are purchased. Such sub-custodian will maintain custody of the securities until such time as they are sold, at which point uninvested proceeds will be transferred back to the Fund's account at the Prime Broker. Most non-U.S. securities will be cleared and held through the Prime Broker. The Prime Broker has in place a global data network that electronically links international and local clearing organizations and agent banks with its operations in the United States, where settlement and custody will be centrally managed.

In its capacity as prime broker, the Prime Broker may provide other products and services that are useful to OCO including custody, capital introduction, cash management and access to their technology platform. Such services may provide an incentive to the OCO to continue to use the Prime Broker even if the commissions payable are higher than those another firm might charge or the quality of execution is inferior to the quality available from another firm.

OCO does not currently use "soft dollars" (i.e., commission dollars and transaction fees generated through agency and certain riskless principal transactions) to pay for research-related expenses. Should OCO enter into soft dollar arrangements in the future, such research-related expenses will be paid to the extent permissible under the safe harbor of Section 28(e) of the Securities Exchange Act of 1934, as amended.

Aggregation of Orders. As of the date of this Brochure, OCO only manages the OCO Opportunities Fund (and associated feeder funds). However, in the event OCO manages additional accounts, OCO is authorized to combine purchase or sale orders on behalf of the Fund together with orders for other accounts managed by OCO or affiliates (if applicable), and to allocate the securities or other assets so purchased or sold, on an average price basis, among such accounts. OCO will seek to execute orders for all of the participating investment accounts, including the Fund, on a fair and equitable basis, taking into account such factors as the relative amounts of capital available for new investments, investment programs, portfolio positions, leverage capability, tax consequences, legal restrictions (including those of other jurisdictions) and liquidity restraints of the Fund and the clients for which participation is appropriate. Orders may be combined for all such accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities may be allocated among the different accounts on a basis which OCO or its affiliates consider equitable.

Item 13 Review of Accounts

The Fund's portfolio is reviewed on a continual basis by OCO's investment personnel. The factors that may trigger a change in portfolio securities include, but are not limited to: changes in a company's fundamentals; personal contact with management, other investment advisers, key industry personnel or analysts; news and press releases; general market conditions; and OCO's assessment of the financial consequences of world events derived from general information or such other material as is appropriate under the particular circumstances.

Fund investors receive reports as described in the applicable offering documents. OCO generally supplies reports quarterly to investors which may include investment summaries as well as the performance of the Fund against an applicable benchmark. Each underlying domestic Fund investor also receives a Form K-1 for tax purposes. To comply with the Custody Rule, annual audit reports are generally provided within 120 days following a private fund's fiscal year end. Reports to private fund investors may be sent by a third-party service provider on behalf of OCO. The Fund may provide certain investors, upon request, additional information and reporting that other investors may not receive, and such information may affect a Fund investor's investment decisions, including its decision to request a withdrawal from its capital accounts.

Item 14 Client Referrals and Other Compensation

A. Person Not a Client Provides Economic Benefit

As discussed above, a prime broker may also refer potential investors to OCO with respect to the OCO's Funds. Since an increase in the size of the Fund would likely result in additional compensation to the Fund's prime broker, the prime broker is likely to receive a benefit from introducing potential investors to OCO with respect to the private fund for which it serves as prime broker.

Other broker-dealers may provide capital introduction services to OCO with respect to the private funds on a no-reimbursement basis. Such firms generally do so in order to establish a relationship with OCO which may assist the brokerage firm in obtaining future business; however, no promise of future brokerage direction or other business arrangements is made in connection with these services.

B. Client Referrals

OCO does not currently have any client referral fee arrangements, but reserves the right to enter into such arrangements. Any such future referral arrangements will, to the extent applicable, be in compliance with the Cash Solicitation Rule, Rule 206(4)-3 under the Advisers Act, and relevant SEC and FINRA rules applicable to broker-dealers. Prospects solicited by a consultant would be advised in writing of the details of any referral fee arrangement with a consultant and asked to acknowledge receipt of such information.

Item 15 Custody

Please see the responses to Item 5. and Item 13.

OCO and its affiliates comply and will continue to comply with the requirements of Rule 206(4)-2 under the Advisers Act with regard to assets held in the Funds with respect to which they are deemed to have custody.

For underlying investors in the Funds, in order to comply with the Custody Rule, annual audit reports are generally provided within 120 days following the Fund's fiscal year end. Reports to private fund investors may be sent by a third-party service provider on behalf of OCO.

Item 16 Investment Discretion

OCO will enter into an investment management agreement with the Fund pursuant to which the General Partner has delegated full discretionary authority to manage the investment activities of the Fund to OCO.

Item 17 Proxy Voting

OCO has adopted proxy voting policies and procedures designed to prevent conflicts of interest from influencing proxy voting decisions it makes on behalf of clients and to help ensure that such decisions are made in accordance with OCO's fiduciary obligation to act in the best interests of its clients.

OCO's policy is designed to consider the economic interests of its clients - to vote in a manner that OCO believes maximizes the economic value of a client's ownership interest in the issuer. OCO makes investment decisions primarily on the basis of fundamental analysis, including the quality of a company's management. Since OCO will generally only invest in companies which, in OCO's view, have strong management, OCO generally supports management on issues for which shareholder approval is required. However, for transactions involving a sale, spin-off, merger or similar corporate event, OCO will make an independent assessment and will vote its shares in the manner it believes will best maximize shareholder value. A copy of OCO's Proxy Voting Policy as well as OCO's record of voting is available to any client or prospective client upon request.

OCO does not anticipate that the Funds will be asked to participate in class actions given the nature of OCO's investing.

Item 18 Financial Information

Not applicable because OCO does not require prepayment of fees six months or more in advance. OCO has not been the subject of a bankruptcy petition at any time during the past 10 years.