

MCT Entertainment Advisors LLC

Part 2A of Form ADV

The Brochure

August 31, 2021

855 N. Croft Ave., #210, Los Angeles, CA 90069

This brochure provides information about the qualifications and business practices of MCT Entertainment Advisors LLC (“MEA”). If you have any questions about the contents of this brochure, please contact MEA at (205) 807-2870. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about MEA is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Item 2. Material Changes

MCT Entertainment Advisors LLC (“MEA”) is a newly registered investment adviser, and this is MEA’s initial Form ADV Part 2A (“Brochure”). As this is MEA’s initial Brochure, there are no material changes from a prior version to report under Item 2.

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Item 4. Advisory Business

MCT Entertainment Advisors LLC (“MEA” or “Manager”) was founded in 2021. MEA’s parent company and sole owner is Media Capital Technologies Group, Inc. (“MCT”). MEA is registering with the SEC as a newly formed adviser and intends to provide investment management services to a privately pooled investment vehicle (“Fund” - Matador Film Partners LP, a Delaware limited partnership). Matador Film Management LLC, a Delaware limited liability company, will serve as the General Partner (“GP”) of the Fund.

The Fund is sponsored by MCT, which is a specialty finance and asset management company focused on strategic investments in premium content. Led by a seasoned management team with extensive industry and investment experience, the Fund will aim to provide “film slate financing” for major motion picture studios, mini-majors and/or independent production companies, as well as to identify opportunistic investments on a mini-slate or single-picture basis. The Fund will offer investors an opportunity to invest in revenue streams that are generally considered to be uncorrelated in nature and which would typically not be available to investors outside of a fund structure.

MEA expects to manage the Fund with the goal to deliver attractive risk-adjusted returns to investors while providing non-correlation to the major stock and bond market indices through its investments in premium feature-length motion pictures. Through investments made by the Fund, MCT anticipates being able to leverage the development, production, and distribution infrastructure and brand equity of the Fund’s Co-Financing Partners and to invest in a significant number of the films that such Co-Financing Partners produce and offer for co-financing investments during each year.

The Fund intends to govern itself so that it will not be required to be registered as an investment company under the 1940 Act. As a result, certain protections of the 1940 Act will not be afforded to the Fund or the Limited Partners. These include matters such as requiring at least 40% of an investment company’s directors to be disinterested, regulating the relationship between the investment company and its adviser, requiring investor approval before fundamental investment policies can be changed, limiting concentration in a company’s assets and the degree to which a fund can engage in short-term trading or purchase securities on margin, and limiting a fund’s investments in certain types of securities and investments.

MCT executives have longstanding relationships spanning over 30 years long with key studio and other film industry executives and distribution partners, as well as with key lenders, talent representatives, and creatives. The MCT leadership team has successfully navigated decades of changing film distribution environments and has a past experience of identifying Oscar-winning caliber films and talent. MCT executives have production, finance, and distribution experience on hundreds of films and previous collaboration with A-list talent. MCT executives also have significant international market expertise, from which a significant portion of motion picture distribution revenues can be obtained. From years of experience and success, MCT’s management understands how to protect investor capital against misaligned interests and understands how to deploy capital at scale successfully into film and premium content amid a dynamic and changing industry environment.

As a newly formed adviser, MEA does not currently have discretionary or non-discretionary assets under management. MEA intends to update this Form ADV Part 2A to reflect, among other things, its regulatory assets under management at the appropriate time following commencement of its investment management activities relating to the Fund.

Item 5. Fees and Compensation

MEA is compensated by the Fund with a fee for investment management services of 1.50% of aggregate commitments. MEA will also be compensated with a monitoring fee of .50% on capital deployed into portfolio investments. The management and monitoring fees will be paid to MEA quarterly, deducted from Fund assets. The Fund will also compensate MEA with a one-time transaction fee of 1.0%, deducted at the time capital is deployed into portfolio investments.

MEA and the General Partner will be responsible for their own expenses in providing their services to the Fund, including overhead expenses, facilities expenses, and the compensation of their employees.

The Fund is responsible for its offering and operating costs and expenses, and will bear all legal, accounting, filing, and other organizational expenses incurred in connection with the formation of the Fund (including, without limitation, all expenses incurred with the offering of interests in the Fund). Such expenses may include, without limitation, all fees, costs, liabilities and expenses attributable to:

- activities with respect to negotiating, structuring, sourcing, organizing, acquiring, financing, bidding-on, re-financing, hedging, managing, monitoring, operating, valuing, trading, dissolving, winding-up, liquidating, restructuring, holding and disposing of Portfolio Investments;
- broken deal expenses;
- legal, filing, brokerage, accounting, auditing, consulting, escrow, custodial, administration, information, appraisal, advisory, valuation, research, tax, and other professional services;
- to the extent provided in the Partnership Agreement, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the LPAC (including any reasonable out-of-pocket costs and expenses incurred by representatives of the General Partner, the LPAC members, permitted observers, and other persons in attending or otherwise participating in meetings of the LPAC);
- litigation (including actual, threatened, or otherwise anticipated litigation, mediation, arbitration, or other dispute resolution process, including any judgment, other award, or settlement entered into in connection therewith) and indemnification, unless prohibited by the Partnership Agreement;
- insurance premiums, including directors and officers liability, errors and omissions liability, and other insurance and regulatory expenses;
- Management Fees, Transaction Fees and Monitoring Fees;
- the preparation, distribution or filing of Fund-related or investment-related financial statements, or other reports, tax returns, tax estimates, Schedules K-1, administrative, compliance or regulatory filings, or reports;

- developing, licensing, implementing, maintaining or upgrading any web portal, extranet tolls, computer software, or other administrative or reporting tools (including subscription-based services) for the benefit of the Fund and the Partners;
- any annual Limited Partner or other periodic, if any, meetings of the Limited Partners, and any other conference or meeting with any Limited Partner(s), in each case, to the extent incurred by the General Partner or any Affiliate of the General Partner;
- any taxes, fees or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation settlement, or review of the Fund (except to the extent that the Fund is reimbursed therefor by a Partner or such tax, fee, or charge is treated as having been distributed to the Partners pursuant to the Partnership Agreement);
- the termination, liquidation, winding up, or dissolution of the Fund;
- indebtedness of, or guarantees made by, the Fund, the Manager, or the General Partner on behalf of the Fund, including interest with respect thereto, or costs or fees incurred in seeking to put in place any such indebtedness or guarantee;
- broker, dealer, finder, underwriting, loan administration, private placement fees, sales commissions, investment banker, finder depository and similar services;
- brokerage, sale, custodial, depository, trustee, record keeping, account, and similar services;
- reverse breakup, termination, and other similar fees;
- financing, commitment, origination, and similar fees and expenses;
- filing, title, transfer, registration, and similar fees and expenses;
- printing, communications, and publicity;
- any activities with respect to protecting the confidential or non-public nature of any information or data;
- except as otherwise determined by the General Partner in its sole discretion, any fee, cost, expense, liability, or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies, or actual or potential investments (to the extent not otherwise borne or reimbursed by a portfolio investment of such vehicle) that would be a Fund expense or organizational expense if it were incurred in connection with the Fund, and any expenses incurred in connection with the formation of any feeder vehicles to the extent not paid by the investors investing in such entities;
- defaults by Partners in the payment of any capital contributions;
- any amendments, waivers, approvals, or consents to the governing documents of the Fund, and related entities, including the organization, preparation, distribution, and implementation thereof;
- complying with any law or regulation related to the activities of the Fund (including, but not limited to, regulatory expenses of the General Partner incurred in connection with the operation of the Fund) and legal fees and expenses and/or any litigation or governmental inquiry, investigation or Proceeding involving the Fund, including the amount of any judgments, settlements, or fines paid in connection therewith, except, however, to the extent such expenses or amounts have been determined to be excluded from indemnification;
- complying with any side letter agreements related to the Fund;

- distributions to the Partners and other expenses associated with the acquisition, holding, and disposition of the Fund's Portfolio Investments, including extraordinary expenses;
- any travel, meals, or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities (for purposes hereof, "travel" shall include, without limitation, travel accommodations and transportation costs (including Business Class airfare));
- any compliance or regulatory matters related to the Fund;
- any other fees, costs, expenses, liabilities, or obligations approved by the LPAC; and
- all other expenses that are not normal overhead expenses.

To the extent that any Fund expenses are borne or advanced by MEA, the General Partner, and/or their affiliates, the Fund will promptly reimburse such parties, as applicable. Any amount drawn to pay Fund expenses will reduce unfunded commitments, but to the extent Limited Partners receive distributions in connection therewith, shall be added back to the unfunded commitments and be subject to recall.

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

The Fund will allocate a portion of investment profits to the General Partner as a carried interest of 20%, subject to the terms and conditions set forth in the Fund's governing documents, which may include other provisions related to the carried interest. Preferred investors may be offered varying carried interest terms. The existence of the General Partner's carried interest may create an incentive for the Manager to make riskier or more speculative investments on behalf of the Fund than would be the case in the absence of such arrangement.

Item 7. Types of Clients

MEA will provide investment management services to the Fund as defined in section 4 "Advisory Business". MEA will provide investment management services solely with respect to the Fund and not to any investors in the Fund, and no investor or prospective investor should look to us or our affiliates for advice regarding any of its own investment decisions, including any decision to invest in the Fund. Investors of the Fund are intended to be pension plans, family offices, institutions wealth advisors, and high-net worth individuals. The Fund requires a minimum investment of \$5,000,000, with higher minimum amounts for anchor investors and SMA-structured investments. MEA does not contemplate advising additional types of clients other than the Fund at this time.

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

The Fund intends to invest alongside major motion picture studios (such as Disney/Fox, Sony Pictures, Paramount Pictures, Universal Pictures, Warner Bros.), mini-major motion picture companies (such as Lionsgate, MGM), and independent production companies (such as Amblin,

Atlas, Bron, Imagine, Legendary, MRC, Participant, Skydance, STX, Village Roadshow) that have a history of producing or financing commercially successful, feature-length motion pictures (each, a “Co-Financing Partner”). Through this strategy, the Fund will seek to acquire an interest in the revenue streams generated by a minimum of 75 feature-length motion pictures during the investment period. The Fund intends to earn fees for providing financing and will participate in the upside revenues derived from the Fund’s revenue participation interest in every film in which it invests.

The Fund intends to co-finance at least 75 premium feature-length motion pictures over the next five years coinciding with the Fund’s investment period. The Fund’s objective will be to leverage its long-standing industry relationships and enter multi-picture co-financing arrangements and slate deals with Co-Financing Partners in order to invest in pictures that MCT and its Co-Financing Partners believe will be commercially successful, that will have broad global appeal, and that, in many cases, will have the potential of developing into franchises.

Investments made by the Fund, and the terms of any commitments under co-financing agreements with its Co-Financing Partners, will be subject to the following investment criteria:

- At least a \$10,000,000 budget.
- MPA rating not more restrictive than “R”, minimum of 85 minutes running time, shot primarily in the English language.
- Satisfactory chain of title (or equivalent representations and warranties).
- No more than 25% gross talent participation.
- No more than 15% distribution fee on U.S. theatrical revenues.
- Co-Financing Partner retains an economic stake equivalent to or greater than the Fund’s economic stake.
- Access to distribution for the U.S., Canada and the other major international territories.

MCT believes that its rigorous investment criteria will ensure disciplined attention to the critical film production parameters which often mark the difference between a successful film, and an underperforming release. These criteria are designed to increase the likelihood of the motion pictures in which it invests being able to achieve the Fund’s targeted returns. Additionally, MCT will adopt for the Fund a risk mitigation strategy that avoids investment during the long development period for a film and will aim to invest in films that are complete (or if not complete, will be subject to a guarantee of completion).

MCT has been approached by experienced entertainment industry commercial lenders to provide a credit facility to allow for additional liquidity to be available to the Fund based on the value of the so-called “ultimates” of completed films which have been theatrically released. Once a film has been released theatrically, the value of the future cash-flows for that film in other distribution windows (i.e., home video, video on demand, subscription video on demand, free TV, etc.) are forecasted usually for the first 10 years after the film’s theatrical release. These 10-year projections (or “ultimates”) are then discounted to present value by commercial lenders who will then lend against the discounted ultimates using a customary advance rate. The ultimates are usually calculated by the major studio releasing the film, or a third-party valuation firm. The cash-flows are then monitored and compared against the original projections and remaining cash flows may be further discounted based upon the historical accuracy of the original forecast. The lenders will then

advance the net amount of the ultimate (multiplied by the advance rate) and such amount is then available to be utilized by the Fund to invest in future films. The credit facility will usually have a borrowing period of 4 to 4.5 years with a maturity date of usually no more than 5 years from closing. The Fund will assess whether to access such a facility on market and customary terms for such facility to the extent it believes such leverage is required to provide the necessary liquidity to implement the Fund's investment strategy, or may be otherwise advantageous to enhance the available liquidity to accelerate the investment strategy and/or increase the number of investment opportunities available to the Fund.

Hollywood studios and streamers are currently in heavy competition to increase their audiences using premium content. This has significantly increased the demand for premium content, leaving producers of premium content with an increasing need for external financing partners. The Fund believes that the quantity of films produced will have to increase to satisfy the demand of streamers. The Fund believes that this will allow for the amortization of risk to expand over a larger number of premium feature-length films, yet also provide a strong buffer, preventing misfires, and thus increasing low-end range estimates of fund performance from past case-studies. Both the COVID pandemic and ongoing tech disruption of the traditional Hollywood ecosystem have worked in harmony to create new business models that will benefit this investment thesis.

The Fund intends to capitalize on these trends by seeking to co-invest in a large portfolio of premium motion pictures alongside its Co-Financing Partners. With a limited number of financing partners in the market, the Fund will aim to drive optimal deal terms and deliver non-correlated returns with vetted, qualified Co-Financing Partners.

Investing in the Fund involves various risks, including the loss of capital. Fund investors should be prepared to bear these risks, as described below. Fund investors should consult the Fund's offering documents for complete descriptions of the risk factors that could impact the Fund. Risk factors include:

No Operating History: Although the employees of the Manager have extensive prior investment management experience, the Fund, the General Partner, and the Manager are newly formed and do not have any prior operating history of their own for prospective investors to evaluate. The Fund's investment program should be evaluated on the basis that there can be no assurance that the Manager's assessment of the short term or long-term investment prospects will prove accurate or that the Fund will achieve its investment objective.

Prior Investment Performance Not Indicative of Future Results: The performance of prior investments by the investment professionals of the Manager or others is not necessarily indicative of the Fund's future results. While the Manager intends to make investments that have potential returns commensurate with the risks undertaken, there can be no assurance that the targeted returns will be achieved. On any given investment, total loss of the investment is possible.

Illiquidity of Interests: No market exists for interests in the fund and none is expected to develop. Investment in the Fund requires a long-term commitment, with no certainty of return. Limited Partners may not be able to liquidate their interests prior to the end of the Fund's term. An

investment in the Fund is suitable only for certain sophisticated investors who have no need for liquidity in terms of their investment in the Fund.

Uncertain Exit Strategies: Due to the illiquid nature of many of the positions which the Fund is expected to acquire, as well as the uncertainties of the reorganization and active management process, the Manager is unable to predict with confidence what the exit strategy will be for the content investments made by the Fund, or that one will be available with certainty. Exit strategies which appear to be viable when an investment is initiated may be so in the future through economic, legal, political or other factors.

Competition for Investment Opportunities: There will be competition for investments from numerous other potential investors, many of which will have significant financial resources. As a result, there can be no guarantee that a sufficient quantity of suitable investment opportunities will be found, that investments on favorable terms can be negotiated, or that the Fund will be able to fully realize the value of its investments. Competition for investments may have the effect of increasing the Fund's costs and expenses, thereby reducing investment returns.

Risk of Limited Number of Investments: The Fund may participate in a limited number of investments and, as a consequence, the aggregate return of the Fund may be substantially and adversely affected by such concentration.

Valuation Risk: Market prices may not be readily available for many of the Fund's Portfolio Investments, and the value of such investments will ordinarily be determined based on fair valuations determined by the General Partner. The sale price of content investments that are not readily marketable may be higher or lower than the Fund's determination of fair value. Additionally, the valuation of such content investments requires more reliance on the judgment of the General Partner than is required for securities for which there is an active market. The fair valuation of securities by the General Partner is subject to uncertainty. As such, the Fund may not be able to realize these content investments' fair value or may have to delay their sale in order to do so.

Market Conditions: The current and future market conditions, including any potential deterioration in the motion picture co-financing market, may adversely affect the Fund in many ways, including by reducing the value and liquidity of the Fund's Portfolio Investments and reducing the ability of the Fund to raise or deploy capital. A general market downturn, or a dislocation of the motion picture co-financing market, may cause the investment returns for the Fund to decline or increase in volatility. The Fund may be adversely affected if the Manager is unable to find suitable investments in order to effectively deploy capital, which could adversely affect the performance of the Fund. In addition, the Fund competes with others to find investment opportunities. Such competitors may have lower costs of capital than the Fund and may have access to funding sources that are not available to the Fund. In addition, such competitors may have higher risk tolerances or make different risk assessments. If the Fund is unable to match its competitors' pricing, terms, or structure, investment opportunities may be lost, and investment returns may be reduced. As a result, the Fund may not be able to achieve targeted returns on its investments and may be forced to bear a substantial risk of capital loss.

Non-U.S. Investments: The Fund may invest a portion of its capital outside the United States. These investments involve particular risks not usually associated with investing in the United States. Because non-U.S. entities may not be subject to uniform accounting, auditing, financial reporting standards, practices, and requirements comparable with those applicable to U.S. entities, there may be different types of, and lower quality, information available about a non-U.S. investment. With respect to certain countries there may be the possibility of expropriation or confiscatory taxation, political, economic or social instability, limitation on the removal of funds or other assets or the repatriation of profits, restrictions on investment opportunities, the imposition of trading controls, withholding or other taxes on interest, capital gain, or other income, import duties or other protectionist measures, various laws enacted for the protection of creditors, greater risks of nationalization, or diplomatic developments which could adversely affect the Fund's Portfolio Investments in those countries.

Foreign Currency and Exchange Rate Risk: A portion of the Fund's Portfolio Investments and the income received by the Fund with respect to such investments may be denominated in non-U.S. currencies. However, the Fund's books will be maintained, and the contributions and distributions from the Fund generally will be made, in U.S. dollars. Accordingly, changes in exchange rates may adversely affect the dollar value of investments, interest, and dividends received by the Fund, gains and losses realized on the sale of investments, and the amount of distributions, if any, to be made by the Fund. In addition, the Fund may incur costs in converting investment proceeds from one currency to another. Although the Manager may enter into hedging transactions intended to reduce such currency risks, there can be no assurance that the Manager will be able to do so successfully or cost-effectively, and the Manager may decide not to hedge against such risks.

Epidemics and Natural Disasters: The outbreak of an infectious disease in the U.S. or elsewhere, such as the novel Coronavirus ("COVID-19"), together with any resulting travel restrictions or quarantines, could result in disruptions to employment and supply chains and otherwise have a negative impact on the economy and business activity in the U.S. and worldwide and thereby adversely impact the performance of the Fund. In March 2020, the World Health Organization declared the outbreak of COVID-19 to be a global pandemic. As the virus spread, fears about illness and recommendations and/or emergency orders from governmental authorities to avoid large gatherings of people, to self-quarantine, and to close non-essential businesses disrupted local and international businesses operating in many sectors of the economy. The continued spreading of COVID-19 has led to significant uncertainty and volatility in the financial markets. The extent to which the Fund is adversely impacted by the COVID-19 outbreak will largely depend on future developments, which are highly uncertain and cannot be accurately predicted, including the severity and duration of the outbreak and the actions taken to contain it. The perception of an outbreak of COVID-19 or another contagious disease may have an adverse effect on the ability to find purchasers for Portfolio Investments.

Capital Intensive Business: The production, acquisition and distribution of motion pictures requires significant investments of capital. A significant amount of time may elapse between the Fund's expenditure of funds with respect to a specific motion picture project and the receipt of revenues from such motion picture. In addition, if the Fund increases its production slate or its production budgets, the Fund may be required to increase overhead and/or make larger up-front payments to talent and, consequently, bear greater financial risks. The production and marketing of theatrical

feature films may require substantial additional capital and such capital may not be available to the Fund. Any of the foregoing events could have a material adverse effect on the Fund's business, financial condition, operating results, liquidity and prospects.

Highly Competitive Industry: The film industry is highly competitive and the Fund will be competing with companies that may have more resources. The resources of the major studios give them an advantage in competing for ideas, storylines and scripts created by third parties and actors, directors, other creative talent and other personnel as well as in acquiring properties for development or production. The Fund's inability to compete successfully would have a material adverse effect on the Fund's business, financial condition, operating results, liquidity and prospects. Moreover, the number of films released by the Fund's competitors, particularly the major studios, may create an oversupply of product in the market, reduce the Fund's share of box office receipts and make it more difficult for its films to succeed commercially. The limited supply of motion picture screens compounds this product oversupply problem. Oversupply may become most pronounced during peak release times, such as school holidays and national holidays, when theater attendance is expected to be highest. As a result of changes in the theatrical exhibition industry, including reorganizations and consolidations, and major studio releases occupying more screens, the number of screens available to the Fund when it wants to release a picture may decrease. If the number of motion picture screens decreases, box office receipts, and the correlating future revenue streams, such as from home entertainment and pay and free television, of its motion pictures may also decrease. Moreover, the Fund cannot guarantee that it can release all of its films when they are scheduled due to production or other delays, or a change in the schedule of a major studio. Any such change could adversely impact a film's financial performance. In addition, if the Fund cannot change its schedule after such a change by a major studio because we are too close to the release date, the major studio's release and its typically larger promotion budget may adversely impact the financial performance of the film.

Unpredictability of Commercial Success: The success of the Fund's business will depend on its ability to consistently create and distribute filmed entertainment that meets the changing preferences of movie-going consumers. Each motion picture is an individual artistic work, and inherently unpredictable audience reactions primarily determine commercial success. Consumer tastes and preferences are unpredictable, and the Fund will often have to invest substantial amounts of money in film production before it can learn the extent to which its films will earn consumer acceptance. In addition, the Fund may not be able to secure co-financing opportunities for A-list, franchise or other premier content product which is essential to the success of the Fund's business strategy. Popularity of motion pictures depends on many factors, including the critical acclaim they receive, the format of their initial release, their actors and other key talent, their genre and their specific subject matter, audience reaction, the quality and acceptance of motion pictures that competitors release into the market at or near the same time, critical reviews, the availability of alternative forms of entertainment and leisure activities, general economic conditions and other tangible and intangible factors. Because a motion picture's performance in ancillary markets, such as home entertainment and pay and free television, is often directly related to its box office performance, poor box office results may negatively affect future revenue streams. The Fund's success will depend on the experience and judgment of its management to select and develop new investment and production opportunities. The Fund cannot make assurances that its motion pictures will obtain favorable reviews or ratings, or that its motion pictures will perform well at the box office or in

ancillary markets. The failure to achieve any of the foregoing could have a material adverse effect on the Fund's business, results of operations and financial condition.

Delays in Distribution: The Fund generally does not control the timing and manner in which licensed distributors distribute motion pictures; their decisions regarding the timing of release and promotional support are important in determining success. Decisions by those distributors not to distribute or promote the Fund's motion pictures or to promote its competitors' motion pictures to a greater extent could have a material adverse effect on the Fund's business, financial condition, operating results, liquidity and prospects.

Labor Strikes: Many film productions employ members of entertainment industry guilds and unions, including, without limitation, the Writers Guild of America, the Screen Actors Guild, the Directors Guild of America, the International Alliance of Theatrical and Stage Employees, the Teamsters and the Alliance of Canadian Cinema, Television and Radio Artists. A strike by one or more of the unions that provide personnel essential to the production of motion pictures could delay or halt the Fund's ongoing production activities. Such a halt or delay, depending on the length of time, could cause a delay or interruption in the release of new motion pictures, which could have a material adverse effect on the Fund's business, results of operations or financial condition. In the event that any collective bargaining agreement is allowed to expire and a strike occurs, the Fund's ability to produce motion pictures will be materially adversely affected and the revenues and results of operations in future periods may be adversely affected.

Increasing Costs of Production and Marketing: The production and marketing of motion pictures require substantial capital, and the costs of producing and marketing motion pictures have generally increased in recent years. These costs may continue to increase in the future, which may make it more difficult for its films to generate a profit or compete against other films. Historically, production costs and marketing costs have risen at a rate faster than increases in either domestic admission to movie theaters or admission ticket prices. A continuation of this trend would leave the Fund more dependent for revenue from other media, such as home entertainment, television, international markets and new media, which revenues may not be sufficient to offset an increase in the cost of motion picture production and marketing. If the films in which the Fund has invested do not achieve commercial success in these other media, it could have a material adverse effect on the Fund's business, financial condition, operating results, liquidity and prospects.

Intellectual Property: The Fund's ability to compete depends, in part, upon successful protection of its intellectual property. The Fund will attempt to protect proprietary and intellectual property rights to its films through available copyright and trademark laws and licensing and distribution arrangements with reputable international companies in specific territories and media for limited durations. Despite these precautions, existing copyright and trademark laws afford only limited practical protection in certain countries where the Fund will distribute its films. As a result, it may be possible for unauthorized third parties to copy and distribute the Fund's films or certain portions or applications of the Fund's intended films, which could have a material adverse effect on the Fund's business, financial condition, operating results, liquidity and prospects. Litigation may also be necessary to enforce intellectual property rights, to protect its trade secrets, or to determine the validity and scope of the proprietary rights of others or to defend against claims of infringement or invalidity. Any such litigation, infringement or invalidity claims could result in substantial costs

and the diversion of resources and could have a material adverse effect on the Fund's business, financial condition, operating results, liquidity and prospects.

The Fund's more successful films may experience higher levels of infringing activity, particularly around key release dates. Alleged infringers may claim that their products are permitted under fair use or similar doctrines, that they are entitled to compensatory or punitive damages because the Fund's efforts to protect intellectual property rights are illegal or improper, and that its key trademarks or other significant intellectual property is invalid. Such claims, even if meritless, may result in adverse publicity or costly litigation. The Fund will vigorously defend its copyrights and trademarks from infringing products and activity, which may result in litigation. The Fund may receive unfavorable preliminary or interim rulings in the course of litigation, and there can be no assurance that a favorable final outcome will be obtained in all cases. Regardless of the validity or the success of the assertion of any such claims, the Fund could incur significant costs and diversion of resources in enforcing its intellectual property rights or in defending against such claims, which could have a material adverse effect on the Fund's business, financial condition, operating results, liquidity and prospects. Moreover, others may claim that the Fund's productions and production techniques misappropriate or infringe the intellectual property rights of third parties with respect to their previously developed films and television series, stories, characters, other entertainment or intellectual property. Irrespective of the validity or the successful assertion of such claims, the Fund could incur significant costs and diversion of resources in defending against them, which could have a material adverse effect on the Fund's business, financial condition, operating results, liquidity and prospects.

Liability Claims for Media Content: As a producer of media content, the Fund may face potential liability for defamation, invasion of privacy, negligence, copyright or trademark infringement (as discussed above), and other claims based on the nature and content of the films produced. These types of claims have been brought, sometimes successfully, against producers and distributors of media content. The imposition of any such liability that is not covered by insurance or is in excess of insurance coverage could have a material adverse effect on the Fund's business, financial condition, operating results, liquidity and prospects.

Misconduct of Employees, Retained Talent or Other Personnel: Due to a number of highly-publicized incidents involving harassment in the industry, the Fund may be subject to enhanced scrutiny of the conduct of its employees, retained talent, personnel and other service providers and its reaction to harassing conduct committed by others. The Fund will make every effort to comply with U.S. federal and state civil rights laws and employment laws, including policies prohibiting any harassment of any kind, comprehensive training programs and implementing procedures for reporting misconduct. Nevertheless, any claim in the future, including claims relating to unaffiliated talent and/or service providers working on the sets of a funded film, could result in negative publicity about the Fund or MCT, regardless of whether any allegation is ultimately determined to be true. If employee, retained talent, production staff or other personnel or service provider misconduct, or allegations of such misconduct, does occur, the Fund's business operations could be materially adversely affected.

Piracy: Motion picture piracy is extensive in many parts of the world, including South America, Asia and certain Eastern European countries, and is made easier by technological advances and the

conversion of motion pictures into digital formats. This trend facilitates the creation, transmission and sharing of high-quality unauthorized copies of motion pictures in theatrical release on DVDs, Blu-ray discs, from pay-per-view through set-top boxes and other devices and through unlicensed broadcasts on free television and the Internet. The proliferation of unauthorized copies of these products would reduce the Fund's revenue. In order to contain this problem, the Fund may have to implement elaborate and costly security and anti-piracy measures, which could result in significant expenses and losses of revenue. The Fund cannot assure that even the highest levels of security and anti-piracy measures will prevent piracy. Unauthorized copying and piracy are most prevalent in countries whose legal systems may make it difficult for the Fund to enforce its intellectual property rights. While the U.S. government has publicly considered implementing trade sanctions against specific countries that, in its opinion, do not make appropriate efforts to prevent copyright infringements of U.S. produced motion pictures, there can be no assurance that any such sanctions will be enacted or, if enacted, will be effective. In addition, if enacted, such sanctions could impact the amount of revenue that the Fund realizes from the international exploitation of motion pictures. If no embargoes or sanctions are enacted, or if other measures are not taken, the Fund may lose revenue as a result of motion picture piracy.

Decline of Cinema Attendance: Recent technological breakthroughs have resulted in the proliferation of new distribution channels and driven down prices for existing channels, potentially making it harder for cinemas to compete. In addition, the impact of the COVID-19 pandemic has resulted in the closure of cinemas and a general decline in in-person cinema attendance. Cinemas also compete for patrons' leisure time and disposable income against other forms of entertainment such as concerts, amusement parks and sporting events. An increase in the popularity of alternative content distribution channels and competing forms of entertainment could drive down cinema attendance and potentially cause certain cinemas to close for extended periods of time. Although the Fund expects to achieve revenue from exploitation of films on streaming platforms, given that a substantial portion of the Fund's total revenue for any film it funds is anticipated to come from box office sales, significant cinema closures or a general decline in cinema attendance could materially and adversely affect the Fund's revenues.

Fund investors should consult the Fund's offering documents for complete descriptions of the risk factors that could impact the Fund.

Item 9. Disciplinary Information

MEA 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

MEA and its employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest.

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

MEA has adopted a written code of ethics that is applicable to MEA's employees. Among other things, the code requires MEA and its employees to act in the best interests of MEA's clients, abide by all applicable regulations, avoid even the appearance of insider trading, and pre-clear and report on certain types of personal securities transactions. MEA's restrictions on personal securities trading apply to employees, as well as employees' family members living in the same household. It is not anticipated that MEA employees will participate in transactions involving MEA's clients at this time, and MEA employees are prohibited from trading in securities which are recommended to and/or purchased by the Fund. The Chief Compliance Officer monitors employee personal investing activities to ensure that employees do not engage in improper transactions and that employees comply with the requirements of the code. A copy of MEA's code of ethics is available upon request.

Item 12. Brokerage Practices

MEA does not anticipate establishing relationships with broker-dealers for the purposes of execution of publicly-traded securities transactions on behalf of clients. Should MEA engage a broker-dealer in the future in connection with client relationships or transactions, it will develop procedures to accommodate applicable regulatory requirements, including broker selection criteria, commission rates or markups charged, fees and execution quality including best execution.

Item 13. Review of Accounts

MEA will review Fund investments on at least a quarterly basis. The Fund will contract with a Fund Administrator will provide quarterly reporting. This reporting will include information relating to: Contributions (capital calls) from partners, distributions to investors, investment transactions (purchases and sales), investment income, fair value adjustments, interest and dividend income, operating expenses, and management fees. Fund investors should carefully review such reports.

Item 14. Client Referrals and Other Compensation

MEA does not receive any compensation or other economic benefit from any non-client for providing advisory services or investment advice with respect to the Fund. MEA does not maintain any referral or incentive programs designed to solicit new advisory clients of MEA. Should these practices change, MEA will disclose such arrangements and compensation or payment provisions as applicable.

Item 15. Custody

MEA is deemed to have custody of the assets owned by the Fund. To the extent required by Rule 206(4)-2, the Fund's cash and securities will be held with one or more qualified custodians. The general partner or manager of the Fund may change custodians at any time and from time to time without the consent of, or notice to, investors. To ensure compliance with Rule 206(4)-2 under the Advisers Act ("Custody Rule"), MEA will ensure that the Fund:

- is audited at least annually (and upon liquidation) by an independent public accountant registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board (commonly referred to as the "PCAOB") in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"); and
- distributes its audited financial statements to all investors within 120 days of the end of the Fund's fiscal year (or, in the case of a liquidating audit, promptly after completion of the audit).

Item 16. Investment Discretion

MEA's discretionary authority is derived from its authority as the investment manager of the Fund and pursuant to an investment management agreement entered into by MEA and the Fund.

Item 17. Voting Client Securities

MEA will not hold the securities of publicly traded companies, and therefore will not offer to or perform proxy voting over such securities. In the event that MEA is asked to determine voting actions in connection with a client's securities, MEA will develop and implement written policies and procedures that would govern such matters. Any proxies that MEA would receive would be treated in accordance with those policies and procedures.

Item 18. Financial Information

MEA has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.