

PINE RIVER CAPITAL MANAGEMENT L.P.

FORM ADV, PART 2: BROCHURE

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This Form ADV, Part 2 ("Brochure") provides information about the qualifications and business practices of Pine River Capital Management L.P. ("we," "us," or "Pine River"). If you have any questions about the contents of this Brochure, please contact us at (612) 238-3300 or compliance@prcm.com. 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.

From time to time Pine River refers to itself as a "registered investment adviser" or describes itself as "registered". Registration does not include or imply a certain level or skill or training. Neither the SEC, the securities regulatory authority of any state, nor the securities regulatory authority of any other jurisdiction has approved or disapproved Pine River's regulatory status, or passed upon the adequacy or accuracy of this Brochure.

Additional information about Pine River also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

This section is intended to discuss only specific material changes made to the Brochure and to provide a summary of changes made since the most recent annual update. This Brochure, dated March 31, 2022, represents Pine River's Annual Amendment and includes the following changes since Pine River's last update on August 23, 2021:

- Made general modifications to descriptive information throughout
- Updated and supplemented Risks in Item 8 – Methods of Risk Analysis, Investment Strategies and Risk of Loss
- Updated the strategy of the Pine River Relative Value Funds in Item 8 – Methods of Risk Analysis, Investment Strategies and Risk of Loss
- Added information about pending civil litigation in Item 9 – Disciplinary Information

This Brochure is prepared according to the July 28, 2010, United State Securities and Exchange Commission ("SEC") publication entitled "Amendments to Form ADV." We urge clients and Investors to read this entire Brochure.

If you are interested in receiving the most current copy of this Brochure, please contact Pine River's Compliance Department by mail at 601 Carlson Parkway, 7th Floor, Attn. Compliance Department, Minnetonka, MN 55305 U.S.A. or by email at compliance@prcm.com.

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Item 4 – Advisory Business

Pine River Capital Management L.P. (“we,” “us,” or “Pine River”) is a Delaware limited partnership that commenced operations on May 4, 2002. Pine River’s general partner is Pine River Capital Management LLC. The Members of Pine River Capital Management LLC are Brian Taylor, Nick Nusbaum and Paul Richardson.

Pine River provides investment management services to private funds established by Pine River (“Pine River Funds”) and to private funds or accounts established by Pine River or third parties for the sole benefit of a single investor (“Pine River Managed Accounts”).

Pine River Funds. The Pine River Funds are private entities that have been formed by Pine River to provide a means by which qualified, sophisticated investors may pursue alternative investment strategies. For each such strategy, Pine River typically creates a master-feeder structure consisting of a master fund in the form of a Cayman Islands exempted company, and one or more feeder funds consisting of Cayman Islands exempted companies and Delaware limited partnerships or limited liability companies. The feeder funds invest substantially all of their capital into the related master fund. The master fund conducts the investment activities.

Managed Accounts. The Pine River Managed Accounts may be private domestic or foreign accounts or entities, each of which is typically managed by Pine River for the benefit of one investor or group of investors.

The Pine River Funds and the Pine River Managed Accounts are referred to in this Brochure as “Funds” or “clients”. The individual investors in the Funds are referred to as “Investors”.

Pine River’s advisory services to each Fund are subject to the specific investment objectives and restrictions set forth in the limited partnership agreement, confidential offering memorandum, investment management agreement, advisory agreements, subadvisory agreements, subscription materials and/or other governing documents (collectively, the “Account Documents”) applicable to such Fund. Pine River has sole discretion to manage its Funds’ investment portfolios. Generally, Pine River does not accept instructions from clients with respect to investments by or for their accounts. Pine River Managed Accounts can impose restrictions on investing in certain securities or types of securities. Pine River Managed Accounts can also negotiate other terms with Pine River. Each Pine River Managed Account client, as well as investors and prospective investors in each Pine River Fund, should refer to the Account Documents of the applicable Fund for complete information regarding the investment objectives, investment restrictions and other information with respect to such Fund.

As of March 1, 2022, Pine River managed approximately \$178 million in assets calculated on a net basis.

Item 5 – Fees and Compensation

The compensation each Fund pays Pine River is set forth in each Fund's Account Documents. Pine River, or an affiliate of Pine River, is generally compensated for its advisory services based on a percentage of assets under management ("Management Fee"). Pine River is authorized under the Funds' Account Documents to charge and deduct the Management Fee directly from the assets of the Funds. Additionally, Investors in certain Funds pay an affiliate of Pine River performance-based fees or allocations ("Incentive Fee/Allocation").

Following is a schedule of the current fees paid to Pine River or its affiliates with respect to the Pine River Funds:

Pine River Fixed Income Master Fund Ltd.		
	Pine River Fixed Income Fund Ltd.	0.5% Management Fee 0% Incentive Fee/Allocation
	Pine River Fixed Income Fund L.P.	0.5% Management Fee 0% Incentive Fee/Allocation
Pine River Master Fund Ltd.		
	Pine River Fund Ltd. (Class A, B, C and D)	0.5% Management Fee 0% Incentive Fee/Allocation
	Pine River Fund L.P. (Class A, B, C and D)	0.5% Management Fee 0% Incentive Fee/Allocation
Pine River Special Opportunities Operating Master Fund LLC		
	Pine River Special Opportunities Offshore Fund L.P.	0% Management Fee 20% Carried Interest
	Pine River Special Opportunities Fund L.P.	0% Management Fee 20% Carried Interest
Pine River Municipal Master Fund Ltd.		
	Pine River Precision Fund SPC for the account of Pine River Municipal Fund S.P.	1.75% Management Fee 20% Incentive Fee/Allocation
	Pine River Municipal Fund Series, a Series of Pine River Precision Fund LLC	1.75% Management Fee 20% Incentive Fee/Allocation
Pine River Relative Value Fund Ltd.		
	Pine River Relative Value Rates Fund Ltd. (Class A)	2.0% Management Fee 20% Incentive Fee/Allocation
	Pine River Relative Value Rates Fund Ltd. (Class B)	1.5% Management Fee 20% Incentive Fee/Allocation
	Pine River Relative Value Fund L.P. (Class A)	2.0% Management Fee 20% Incentive Fee/Allocation
	Pine River Relative Value Fund L.P. (Class B)	1.5% Management Fee 20% Incentive Fee/Allocation

The Pine River Managed Accounts pay Management Fees and/or Incentive Fees/Allocations based on separately negotiated private contracts.

Clients typically bear expenses borne by the Fund (directly or indirectly) that are trade related ("Trade Expenses"), the Fund's administrative and operating expenses ("Fund-Specific Expenses") and their share of certain ongoing expenses of Pine River and its affiliates that are not attributable to a specific Fund ("Ongoing Expenses").

Trade Expenses paid by clients may include:

- brokerage commissions, mark-ups, mark-downs, spreads and other transactional costs;

- trade-specific external legal expenses and other third-party fees and expenses incurred in connection with the evaluation of prospective transactions;
- trade-related travel and due diligence costs and expenses;
- redemption fees charged by other Pine River Funds (if any);
- interest expense;
- fees and costs incurred with respect to securing access to markets, investments and investment opportunities;
- custody costs and expenses; and
- clearing costs and expenses.

Trade Expenses with respect to the Pine River Funds are usually incurred at the master fund level. Trade Expenses applicable to more than one Pine River Fund are allocated in a fair and equitable manner among clients.

Fund-Specific Expenses may include:

- third-party legal, audit and tax preparation expenses;
- other professional fees, administrator fees, director fees, registered office expenses and taxes;
- regulatory expenses incurred in connection with the Pine River Funds' ongoing compliance with any laws, rules or regulations currently in effect or adopted in the future; and
- all expenses incurred in connection with any threatened, pending or anticipated litigation, examination or proceeding or as a result of the Fund's obligation to indemnify Pine River, its affiliates, the administrator and certain other parties against losses, liabilities and expenses incurred in connection with the performance of their duties on behalf of, or the provision of services to, the Pine River Funds.

Fund-Specific Expenses applicable to more than one Pine River Fund are allocated in a fair and equitable manner among clients.

Ongoing Expenses may include:

- insurance (including a portion of the premiums for any directors' and officers' or errors and omissions coverage purchased by Pine River or its affiliates that would offset some portion of a Fund's indemnity obligations), and may include premiums for an ERISA fidelity bond;
- research expenses;
- Bloomberg access and similar information technology services, information technology costs and telecommunications costs;
- Pine River or its affiliates' computer software costs;
- salary and benefits (but not bonuses) payable to Pine River or its affiliates' non-trading and non-managerial personnel who primarily work on behalf of Pine River's various funds and accounts, including settlements and information technology personnel, fund accountants and internal legal counsel (to the extent they engage in fund-specific and account specific legal work); and
- other fees and expenses incurred by Pine River or its affiliates that are determined by Pine River, acting in good faith, to be attributable to the Funds.

Ongoing Expenses are allocated in a fair and equitable manner among clients.

Pine River Funds may invest in each other. In such cases, Pine River waives, adjusts or offsets Management Fees and Incentive Fees/Allocations as necessary to avoid the layering or duplication of fees.

The Funds may invest in securities of investment companies (such as closed-end funds, open-end funds and exchange traded funds) that are not managed by Pine River or its affiliates. When a client invests in such

investment companies it will incur layered fees. In other words, the client will pay fees to Pine River and also pay fees charged by the investment company. The fees include custodial, management, early termination and other expenses of the investment company.

Transactional Costs

The Funds' expenses may represent a higher percentage of net assets than fees in other private investment funds. This is because many of the strategies used by the Funds require frequent trading. Portfolio turnover, brokerage commissions, and other transaction fees and expenses are increased by frequent trading (please refer to Item 12 for further details).

Side Letters and Other Agreements

The Funds and Pine River have entered into (and may enter into in the future) side letters and other agreements granting more favorable rights or terms to certain Investors. These rights or terms may include:

- investment capacity rights to make future investments in a Fund, other investment vehicles or managed accounts;
- special liquidity or redemption or withdrawal rights relating to frequency, notice, fees, expedited payment of redemption or withdrawal proceeds and/or other terms;
- limitations on paying redemptions in kind;
- notice (which may be advance) of certain redemptions by partners of Pine River, notice of certain regulatory events with respect to Pine River, and rights to receive reports from a Fund on a more frequent basis or that include information not provided to other Investors (including more detailed information regarding portfolio positions);
- rights to receive reduced rates of the Incentive Fee/Allocation and/or the Management Fee; and
- limits on expenses that can be charged to such Investors.

These agreements could create preferences or priorities for certain Investors as compared to other Investors. In particular, Investors that are Funds or affiliates of Pine River are not always subject to the same redemption or withdrawals limits and fees as other Investors.

The Funds or Pine River may enter into these separate agreements without the consent of, or notice to, other Investors. Investors are not entitled to participate in any special arrangement without the prior approval of Pine River. Investors not offered a special arrangement do not have any right or claim against Pine River or the Funds.

Valuation Risk

Management Fees, Incentive Fees/Allocations and amounts due to or from Investors upon redeeming or withdrawing their investments from the Funds are based on valuation of the relevant Funds' assets.

Pine River determines the net asset value of each Fund on a monthly basis pursuant to a Valuation Policy that is administered by Pine River's Valuation Committee. If a Fund has a third party administrator, the valuation is determined in coordination with the administrator. The net asset value of a Fund is based on the value of the individual investments of the Fund. Pine River may not be able to make timely and accurate valuations of certain of the Funds' investments.

The valuation of investments is based on market data, independent third party information and other sources deemed reliable by Pine River in its good faith judgment. Nevertheless, there is a risk that any given determination of net asset value may be overstated or understated.

A conflict of interest exists in valuing the Funds' investments, because Pine River has an incentive to value the Funds' investments aggressively in order to improve reported performance, attract new Investors and increase Incentive Fees/Allocations.

On an annual basis, the net asset value of each Pine River Fund is audited by the Fund's independent auditors. Net asset value calculations may be adjusted following the year-end audit. Incentive Fees/Allocations charged at year-end based on unrealized gains are not subject to reversal or offset due to subsequent realized or unrealized losses.

Pine River's valuation determinations are conclusive and binding on all Investors, and cannot be challenged after the annual audit.

Fee Payment

The specific manner that Management Fees and Incentive Fees/Allocations are charged by Pine River is stated in each Fund's Account Documents. The terms of the Funds' Account Documents supersede this Brochure. Upon an Investor withdrawing or redeeming its investment, any prepaid, unearned fees will be promptly refunded, and any earned, unpaid fees will be due and payable.

Investors in the Pine River Funds pay Pine River, or an affiliate of Pine River, for its Management Fees on a monthly basis in advance. The Pine River Funds do not provide for the rebate of any portion of a Management Fee after it has been paid; because redemptions and withdrawals are only permitted as of the last day of a month, there is no foreseeable circumstance under which a claim for a rebate of Management Fees could arise. Pine River Funds' independent third party administrators verify Pine River's fee calculations. Managed account clients may negotiate different fee payment arrangements. Fees due to Pine River are paid from clients' custodial accounts. Investors' capital accounts are reduced by the amount of such fees. Neither Pine River nor any of Pine River's supervised persons receive compensation in connection with the sale of securities or other investments to the Funds.

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

The calculation and role of performance compensation, if any, paid by each Fund to Pine River and/or its affiliates is described in the Fund's Account Documents. Performance-based fee arrangements may create an incentive for Pine River to recommend investments that are riskier or more speculative than those that it might recommend under a flat fee arrangement. Performance-based fee arrangements also may create an incentive to favor higher fee paying clients over other clients.

As set forth in Item 5, Pine River has entered into Incentive Fee/Allocation arrangements with certain clients which are paid to an affiliate of Pine River. In valuing clients' assets to calculate Incentive Fees/Allocations, Pine River includes realized and unrealized gains and losses. The calculation and payment of Incentive Fees/Allocations must comply (a) with the requirements of Rule 205-3 under the Investment Advisers Act of 1940, as amended and (b) during any time that the assets of a Fund are considered to be "plan assets" for purposes of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") and Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "Code"), with the requirements of ERISA and related regulations.

Pine River has policies and procedures in place related to the allocation of investments and investment opportunities. If Pine River determines that an investment or trading opportunity is appropriate for more than one Fund, then Pine River allocates such investment or trading opportunity among Funds in a manner that Pine River determines, exercising its judgment in good faith, to be fair and equitable, taking into consideration all allocations among such Funds taken as a whole. Pine River is not required to provide every opportunity to every Fund, or to allocate opportunities on a pre-determined basis. Pine River believes conflicts related to performance-based fees are mitigated by its investment allocation procedures and its disciplined investment process. (See also, Item 12 – Brokerage Practices)

Item 7 – Types of Clients

Pine River provides investment management services to Pine River Funds, Pine River Managed Accounts, and to other legal entities.

Investors in the Pine River Funds include institutional investors (e.g., trusts, endowments, foundations, pensions, corporations and other types of entities, including private funds-of-funds) as well as high net worth individuals that meet the regulatory and other requirements under which the Pine River Fund operates and which desire to invest in accordance with the Pine River Funds' investment objectives. Interests in the Pine River Funds are offered pursuant to the U.S. Securities Act of 1933 (as amended, the "Securities Act"). As a result, Pine River generally limits investors in the Pine River Funds to a limited number of "accredited investors" as defined in Regulation D under the Securities Act, and to "qualified purchasers" as defined in the 1940 Act due to the Private Funds' exempt status under Section 3(c)(7) of the 1940 Act. Employees who qualify as "knowledgeable employees" under the 1940 Act are also permitted to invest in the Pine River Funds. Investors must also be financially sophisticated and able to bear the substantial risks of an investment in the Fund, including the loss of the entire investment. Investors and prospective investors in each Pine River Fund should refer to the Account Documents of such Pine River Fund for complete information on minimum investment and other requirements for participation in such Pine River Fund.

Pine River generally requires a minimum initial investment of \$1,000,000 from each Investor for each Fund. The Fixed Income Funds (defined below), the Pine River Master Funds (defined below) Classes C and D, and the Special Opportunities Funds (defined below) have different minimum initial investment amounts which are set forth in their Account Documents. The Funds generally require minimum additional investments of \$100,000. Pine River may accept investments for lesser amounts in its discretion, but may not in any event accept amounts below the relevant statutory minimum, if any. Pine River reserves the right to reject any investment in whole or in part. Pine River also reserves the right to terminate, suspend or postpone investments in any Fund at any time without notice.

Investment in a Pine River Managed Account is available only to the Investor or group of Investors for whom the Pine River Managed Account was established. An Investor in a Pine River Managed Account is subject to the criteria and limitations set forth in the governing documents for the applicable Pine River Managed Account.

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

Investing in securities involves risk of loss that clients should be prepared to bear.

Investment Strategies

Each Pine River Fund pursues an investment strategy described in its Account Documents, as summarized below. In each case, the following summaries are not intended to be a complete statement of the investment strategies and related risks of the applicable Pine River Funds. Investors should review the full Account Documents for a given Fund for a complete statement of the strategy and risks relating to such Fund. The terms of the Pine River Funds' Account Documents supersede the disclosures contained in this Brochure.

Investment Strategy and Objective of Pine River Fixed Income Master Fund Ltd. Feeder Funds: Pine River Fixed Income Fund Ltd. and Pine River Fixed Income Fund L.P.

The Pine River Fixed Income Master Fund Ltd., Pine River Fixed Income Fund Ltd. and Pine River Fixed Income Fund L.P. (the "Fixed Income Funds") are in the process of being liquidated and are not open to new investors.

Prior to the determination to liquidate, the investment objective of the Fixed Income Funds was to generate superior risk-adjusted returns that were not correlated to the general equity and debt markets by investing and trading primarily in mortgage-backed securities and related fixed-income investment opportunities.

The primary strategy of the Fixed Income Funds was to identify, trade and invest in mortgage-backed securities that Pine River believed were undervalued or mispriced relative to similar securities. In addition, the Fixed Income Funds were permitted to engage in other investing and trading strategies pertaining to the mortgage-backed securities and fixed-income markets that were consistent with its investment objective, including U.S. municipal securities and the equities of financial institutions involved in the mortgage markets. The Fixed Income Funds were permitted to invest in private and illiquid investments, including the privately issued debt and equity securities of operating companies and private investment funds that pursued strategies that were complementary to the Fixed Income Funds' strategies.

The Fixed Income Funds invested and traded in a wide variety of instruments in pursuit of their strategy, including securities that are based on fixed-rate mortgages, adjustable rate mortgages, interest-only mortgages and mortgages with varying maturity dates; collateralized mortgage obligations; interest-only or principal-only securities; "TBAs" (trades in mortgage-backed securities to be delivered by a U.S. government-sponsored mortgage entity at a future date); mortgage REITs (real estate investment trusts that hold mortgages and mortgage-backed securities); and securities representing the rights to certain portions of the principal and/or interest payments from a pool of mortgages. In addition, the Fixed Income Funds were permitted to invest a portion of their assets in other instruments that Pine River believed were attractive and complementary to the Fixed Income Funds' core strategy, including asset-backed securities, municipal securities, convertible bonds, preferred securities, common stock and warrants, global sovereign bonds, equity securities, currency futures and derivatives of the foregoing.

Investment Strategy and Objective of Pine River Master Fund Ltd. Feeder Funds: Pine River Fund Ltd. and Pine River Fund L.P.

The Pine River Master Fund Ltd., Pine River Fund Ltd. and Pine River Fund L.P. (the "Pine River Master Funds") are in the process of being liquidated and are not open to new investors.

Prior to the determination to liquidate, the investment objective of the Pine River Master Funds was to seek to generate superior risk-adjusted returns across global markets by investing directly and via other Pine River Funds,

in strategies with significant non-correlation to the general equity and debt markets, primarily employing “relative value” strategies; that is, strategies that seek to be profitable regardless of whether broader market indices rise or fall. The Pine River Master Funds’ strategies included the use of market judgment and/or mathematical or statistical techniques to identify perceived mispricings of securities the price movements of which are significantly correlated, and to capture the value inherent in those mispricings by trading long and short positions in those securities.

The Pine River Master Funds were permitted to take outright directional market positions when such positions were thought to be complementary to or were reasonably viewed as hedges to the core strategy.

Investment Strategy and Objective of Pine River Special Opportunities Operating Master Fund LLC
Feeder Funds: Pine River Special Opportunities Fund L.P. and Pine River Special Opportunities Offshore
Fund L.P.

The investment objective of the Pine River Special Opportunities Operating Master Fund LLC, Pine River Special Opportunities Fund L.P. and Pine River Special Opportunities Offshore Fund L.P. (the “Special Opportunities Funds”) is to seek to generate attractive risk-adjusted returns through long-biased, opportunistic and special situation investments in asset-backed and other credit-related products. The Special Opportunities Funds are in their harvesting period and are not open to new investors.

The Special Opportunities Funds participate in diversified lending opportunities, including providing warehouse financing and revolving credit lines, in addition to creating securitized credit products, of which the Special Opportunities Funds may retain certain tranches.

In certain cases, the Special Opportunities Funds may hold loans for their full term. In other cases, however, Pine River may sell all or part of a loan prior to maturity, seeking to capitalize on advantageous market conditions. Another desirable exit strategy for loans acquired by the Special Opportunities Funds might be a pooling and securitization of such loans.

Some of the loans involve accompanying equity investments, including common and preferred stock, options, warrants or other forms of actual or contingent equity in a borrower’s or a related entity’s capital structure.

Investment Strategy and Objective of Pine River Municipal Master Fund Ltd.
Feeder Funds: Pine River Municipal Fund Series, a Series of Pine River Precision Fund LLC and Pine River
Precision Fund SPC for the account of Pine River Municipal Fund S.P.

Pine River Municipal Master Fund Ltd., Pine River Municipal Fund Series, a Series of Pine River Precision Fund LLC and Pine River Precision Fund SPC for the account of Pine River Municipal Fund S.P. (the “Municipal Funds”) pursue a relative value, absolute return strategy and seek to generate superior risk-adjusted returns by identifying and capturing opportunities within the United States municipal bond market and related markets, which the Pine River views as fragmented, inefficient and retail dominated. The Municipal Funds intend to focus on what Pine River perceives to be diversified, high quality bonds.

Pine River uses a dynamic hedging strategy that seeks to hedge the Master Fund’s investments against movements in interest rates. The hedging strategy uses a variety of instruments including U.S. Treasury bonds, U.S. Treasury futures, Libor swaps and swaptions, Municipal Market Data Rate Locks, municipal bond exchange traded fund shorts and options, and other viable rate or credit hedges. No hedging strategy can guard against all risks, or eliminate entirely the risks it seeks to limit and there can be no assurance that Pine River will identify all risks that can or should be hedged, or that it will successfully hedge against the risks it does identify.

Investment Strategy and Objective of Pine River Relative Value Fund Ltd.

Feeder Funds: Pine River Relative Value Rates Fund Ltd. and Pine River Relative Value Fund L.P.

The primary strategy of Pine River Relative Value Master Fund Ltd., Pine River Relative Value Rates Fund Ltd. and Pine River Relative Value Fund L.P. (the “Relative Value Funds”) is to employ an opportunistic relative value strategy focused on the Agency Mortgage market. Such strategy seeks to enhance the Master Fund’s returns by taking advantage of dislocations in one of the largest, most liquid fixed income markets, with little credit risk. Pine River believes this strategy will generate returns for the Master Fund based on continuous and changing opportunities caused by the pandemic and ongoing government action. This strategy involves dynamic allocation of capital across multiple trading strategies and many heterogeneous sub-sectors with well-defined tail-risk. In addition, hedge funds and active money managers are not meaningfully involved in the space, which may lead to less competition for trades.

LIQUIDITY RISK

Illiquidity of Shares

Investments in the Funds are illiquid and should only be acquired by Investors able to commit their funds for an indefinite period. Investors are not permitted to transfer their interests without the consent of the applicable Fund. Investors should not expect a Fund to grant its consent to transfers. There is currently no market for interests in the Funds, and none is expected to develop.

Investors in the Pine River Funds are subject to different redemption or withdrawal limitations, as summarized in the chart below:

Fund	Liquidity	Gate
Pine River Fixed Income Funds	N/A ¹	N/A
Pine River Master Funds (Class A and B)	N/A ²	N/A
Pine River Master Funds (Class C and D)	N/A ²	N/A
Pine River Special Opportunities Funds	No voluntary redemptions or withdrawals permitted	No voluntary redemptions or withdrawals permitted
Pine River Municipal Funds	Monthly on 90-day notice	None
Pine River Relative Value Funds (Class A)	Quarterly on 60-day notice	None
Pine River Relative Value Funds (Class B)	Quarterly on 60-day notice, subject to 12-month lock-up period	None

In addition to the redemption or withdrawal limitations described above, the Funds have broad authority to suspend redemptions or withdrawals and the payment of redemption or withdrawal proceeds under certain

¹ The Pine River Fixed Income Funds and the Pine River Master Funds are currently in liquidation and no voluntary redemptions or withdrawals are permitted. Pro-rata distributions of available cash will be made until the funds are fully liquidated.

circumstances. In such an event, Investors in a Fund that has suspended redemptions or withdrawals may remain invested in a Fund indefinitely. As a result of these limitations, Investors may not be able to liquidate their investments in the Funds at will. Accordingly, Investors should only invest in the Funds if they are willing and able to commit their funds on an illiquid basis for an extended period.

STRATEGY RISKS

No Formal Diversification Policies

Pine River is not restricted as to the percentage of a Fund's assets that may be invested in any particular geographic location, issuer, industry, instrument, market or strategy. The Funds do not have any fixed guidelines for diversifying their portfolio among geographic location, issuers, industries, instruments, markets or strategies. Therefore, the Funds' portfolios could be relatively concentrated in certain types of securities and issuers. As a result, the Funds' investment portfolios are subject to more rapid changes in value, than if they were more diversified.

Mortgage-Backed Securities and Asset-Backed Securities

Investing in residential mortgage-backed securities involves the general risks typically associated with investing in traditional fixed-income securities (including interest rate and credit risk), and certain additional risks and special considerations, including the risk of principal prepayment and defaults as well as the risk of investing in real estate. Mortgage-backed securities generally provide for the payment of interest and principal on the mortgage-backed securities on a frequent basis, and there also exists the possibility, particularly with respect to residential mortgage-backed securities, that principal may be prepaid at any time due to, among other reasons, prepayments on the underlying mortgage loans or other assets. As a result of prepayments, the Funds may be required to reinvest assets at an inopportune time, which may expose the Funds to a lower rate of return. The rate of prepayments on underlying mortgages affects the price and volatility of a mortgage-backed security and may have the effect of shortening or extending the effective maturity from what was anticipated. Further, different types of mortgage-backed securities are subject to varying degrees of prepayment risk. The rate of principal payments on mortgage loans is influenced by a wide variety of economic, geographic, social and other factors, including general economic conditions, the level of prevailing interest rates, the availability of alternative financing and homeowner mobility. Finally, the risks of investing in such instruments reflect the risks of investing in real estate securing the underlying loans, including the effect of local and other economic conditions, and the ability of tenants to make payments, and the ability to attract and retain tenants. Increasing rates of delinquencies, foreclosures and other losses on mortgages could, in turn, adversely affect certain securities in which the Funds may invest.

Asset-backed securities are subject to interest rate risk and, to a lesser degree, prepayment risk. Asset-backed securities are subject to additional risks in that, unlike mortgage-backed securities, asset-backed securities generally do not have the benefit of a security interest in the related collateral. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. For example, credit card receivables are generally unsecured, and the debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. In addition, insurance and reinsurance receivables, which may include workers' compensation claims, relate to companies that are highly regulated, which regulations may be subject to change based on public policy. Asset-backed securities typically experience credit risk. For example, there is an increasing supply of subordinated securities rated lower than AA (down to B or first loss) and senior securities that may be rated lower than AAA, as well. There is also the possibility that recoveries on repossessed collateral may not, in

some cases, be available to support payments on these securities because of the inability to perfect a security interest in such collateral.

Convertible Securities Arbitrage

Many of the Pine River Funds invest in and trade convertible securities, which are securities that may be exchanged or converted into a predetermined number of the issuer's underlying shares or the shares of another company, or securities that are indexed to an unmanaged market index, at the option of the holder during a specified time period. Convertible securities exhibit characteristics of both equity and debt instruments, and while this complexity creates opportunities for the Funds it also exposes the Funds to risks particular to these securities.

Convertible securities arbitrage generally involves acquiring convertible securities and selling short a corresponding amount of the underlying equity security, although this relationship may be reversed. There are many associated risks that can affect the results of this strategy, including the following: (i) dramatically rising interest rates or escalating market volatility may adversely affect the relationship between securities; (ii) convertible securities tend to be significantly less liquid and have wider bid/offer spreads than equity securities, making it more difficult to enter and profitably exit such trades; (iii) convertible arbitrage involves an inherently imperfect and dynamic hedging relationship and must be adjusted from time to time (and the failure to make timely or appropriate adjustments may limit profitability or lead to losses); (iv) convertible arbitrage involves selling securities short, with the attendant risk of loss and the costs of locating shares available for borrowing; and (v) the prices of the securities involved may be materially adversely affected by changes in the dividend policy of the underlying common equity, changes in the issuer's credit rating or unexpected merger or other extraordinary transactions affecting the convertible security or common equity.

Relative Value Strategies

The Funds frequently pursue relative value strategies by taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. Relative value strategies seek to reduce exposure to the risk of overall market price movements, but in pursuing such strategies a Fund remains exposed to the risks of disruptions in historical price relationships, the restricted availability of credit and the obsolescence of its valuation models. Relative value strategies include taking long positions in securities believed to be undervalued and short positions in securities believed to be overvalued. Although such relative value positions are sometimes considered to have lower risk than directional trades, they are by no means without risk. Mispricings, even if correctly identified, may not be corrected by the market within the time frame within which the Funds maintain their positions. Even pure "riskless" arbitrage can result in significant losses if the arbitrage is not able to be sustained until expiration (due to securities borrowing recalls or margin calls, for example) and the Funds rarely engage in true arbitrage as opposed to relative value trading, which is inherently a higher-risk strategy. In the event that the perceived mispricings underlying such trading positions fail to converge toward, or diverge further from, Pine River's expectations, a Fund may incur losses. A number of relative value strategies have incurred major losses from time to time during periods when historical pricing relationships became disrupted, dealers restricted credit and market liquidity declined.

Directional Trading

Certain of the positions taken by the Funds may be designed to profit from forecasting absolute price movements in a particular instrument. Predicting future prices is inherently uncertain and the losses incurred, if the market moves against a position, may not be hedged. The speculative aspect of attempting to predict absolute price movements is generally perceived to exceed that involved in attempting to predict relative price fluctuations. Further, to the extent the Funds engage in directional trading, they become less "market neutral."

Spread or Arbitrage Trading

The Funds' trading operations may involve spreads and arbitrage trades between two or more positions. Arbitrage strategies attempt to take advantage of perceived price discrepancies of identical or similar financial instruments, on different markets or in different forms. To the extent the price relationships between such positions remain constant, no gain or loss on the positions will be recognized; to the extent that the requisite elements of an arbitrage strategy are not properly analyzed, or unexpected events or price movements intervene, the high degree of leverage typically applied may increase the Funds' losses.

Hedging Strategy

The Funds employ various hedging strategies in an effort to minimize certain risk. The objective in hedging is not to eliminate all risk, but rather to isolate and trade with respect to only those risks that are related to the applicable investment strategy. Many hedging strategies only approximately hedge against the perceived risks that they are intended to hedge. There can be no assurance that Pine River will identify all risks that can or should be hedged, or that it will successfully hedge against the risks it does identify. The hedging of risks is fundamental to Pine River's strategy, yet after taking into consideration the availability, costs and benefits of hedging, Pine River may only partially hedge positions (or not at all). Further, Pine River may determine that it is economically unattractive, or otherwise undesirable, to hedge against certain risks (either with respect to particular positions or to the overall portfolio) and instead may rely on diversification among instruments, strategies and markets to offset such risks.

Long/Short Equity Strategies

The success of the long/short investment strategy depends upon Pine River's ability to identify and purchase financial instruments that are undervalued and identify and sell short financial instruments that are overvalued. The identification of investment opportunities in the implementation of Pine River's long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying a Fund's positions were to fail to converge toward, or were to diverge further from values expected by Pine River, the Fund may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the Fund to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with the Pine River's long/short strategies may become outdated and inaccurate as market conditions change.

Credit Analysis and Credit Risk

The investment strategies utilized by Pine River may require accurate and detailed credit analysis of issuers. There can be no assurance that Pine River will have access to accurate, complete information with respect to the subjects of its analysis or that Pine River's credit analysis, even with access to current information, will prove to be correct. The Funds may be subject to losses, which could be substantial, in the event of credit deterioration or bankruptcy of one or more issuers in its portfolio. While a Fund may hedge its credit risk with short positions in both cash and synthetic holdings, there can be no assurance that such Fund will have the ability to establish such hedges in the market place or that such hedges, if established, will offset losses.

INVESTMENT OR PRODUCT RISKS

Futures Contracts and Futures Options

The Funds trade futures and futures options for investment and hedging purposes. The prices of such contracts are highly volatile. In investing in futures, Pine River must be able to analyze correctly the underlying markets, which are influenced by, among other things, changing supply and demand relationships, governmental, commercial and trade programs and policies, world political and economic events and changes in interest rates. Moreover, investments in futures and options contracts involve significant leverage (*i.e.*, margin is usually only 5% to 15% of the face value of the contract and exposure can be nearly unlimited), and as a result, a relatively small price movement in a futures contract may result in substantial losses to the investor. Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day trades may not be executed at prices beyond the daily limits. Once the price of a futures contract for a particular commodity has increased or decreased by an amount equal to the daily limit, positions in such commodity can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent Pine River from promptly liquidating unfavorable positions and subject the Funds to substantial losses.

In addition, the CFTC and the commodities exchanges impose limits, referred to as “speculative position limits,” on the maximum net long or net short speculative positions that any person may hold or control in any particular futures or options contracts traded on U.S. commodities exchanges. All accounts (proprietary or client) owned or managed by Pine River are combined for purposes of calculating position limits. Pine River could be required to liquidate positions in order to comply with such limits, even though the positions attributable to the Funds do not themselves trigger such position limits. Position limits could force Pine River to liquidate profitable positions and result in substantial transaction costs. The Dodd-Frank Reform Act (“Dodd-Frank”) significantly expanded the CFTC’s authority to impose position limits with respect to futures contracts, options on futures contracts, swaps that are economically equivalent to futures or options on futures, swaps that are traded on a regulated exchange and certain swaps that perform a significant price discovery function.

Derivatives

The Funds make extensive use of various derivative instruments for hedging and other trading purposes, including warrants, options, convertible securities, credit derivatives, futures contracts and options thereon and interest-rate, equity and other swaps. The use of derivative instruments involves a variety of material risks, including the high degree of leverage often embedded in such instruments and the possibility of counterparty non-performance. In addition, the derivatives markets are frequently characterized by limited liquidity, which can make it difficult as well as costly to a Fund to close out open positions in order to realize gains or limit losses. The pricing relationships between derivatives and the instruments underlying such derivatives may not be correlated with historical patterns, resulting in unexpected losses.

Some of the derivative instruments traded by the Funds are principal-to-principal or “over-the-counter” (“OTC”) contracts between a Fund and a third party entered into privately, rather than on an established exchange. In such cases, the Fund will not be afforded the regulatory protections of an exchange or its clearinghouse, or of a government regulator that oversees the exchange or clearinghouse, if a counterparty fails to perform. In privately negotiated transactions, the risk of the negotiated price deviating materially from fair value is substantial, particularly when there is no active market available from which to derive benchmark prices.

Many derivatives are valued on the basis of dealer pricing. However, the price at which dealers value a particular derivative and the price which the same dealers would actually be willing to pay for such derivative may be

materially different. Such differences may materially adversely affect a Fund in situations in which the Fund is required to sell derivative instruments.

Derivatives, including credit default swaps and options thereon, also may present documentation and settlement risk due to the complexity of the documentation of derivatives contracts (notwithstanding the industry's effort to standardize forms), variation among dealers of the terms of such derivative contracts and the historical absence of a centralized clearing facility for many such instruments.

A Fund will usually have a contractual relationship only with the counterparty of a synthetic security, and not with the reference obligor for the reference obligation. The Fund generally will not have a right to directly enforce compliance by the reference obligor with the terms of the reference obligation or any rights of setoff against the reference obligor with respect to the reference obligation. The Fund will not directly benefit from any collateral supporting the reference obligation and will not have the benefit of the remedies that normally would be available to a holder of such reference obligation. In addition, in the event of the insolvency of the counterparty, the Fund will be treated as a general creditor of such counterparty, and will not have any claim with respect to the reference obligation. The Fund will be subject to the credit risk of the counterparty as well as that of the reference obligor. As a result, concentrations of synthetic securities in any one counterparty subject the securities to an additional degree of risk with respect to defaults by such counterparty.

The parties to derivatives agreements typically agree to post cash collateral when the value of the underlying reference obligation moves outside a specified range. Failure to timely post cash collateral may give the party to whom such collateral is owed the right to terminate not only the position in question but all derivatives transactions between the parties.

Dodd-Frank mandates that a substantial portion of OTC derivatives be executed in regulated markets and be submitted for clearing to regulated clearinghouses ("Central Clearing"). The CFTC has implemented Central Clearing rules for certain OTC derivatives and the SEC may implement such rules in the future. OTC trades submitted for clearing are subject to minimum initial and variation margin requirements set by the relevant clearinghouse, as well as margin requirements mandated by the CFTC, the SEC and/or federal prudential regulators. Additionally, when trading cleared OTC derivatives, a Fund will not face a clearinghouse directly but rather will do so through a member of the clearinghouse. Clearing members typically demand the unilateral ability to increase a Fund's margin requirements for cleared OTC trades beyond any regulatory and clearinghouse minimums.

In addition to Central Clearing requirements, the CFTC imposes, and the SEC in the future may impose, margin requirements on non-cleared OTC derivatives, which apply to the holding of customer collateral by OTC derivatives dealers. These requirements may increase the amount of collateral a Fund is required to provide and the costs associated with providing it.

The CFTC also requires, and the SEC in the future may require, certain derivative transactions that were previously executed on a bi-lateral basis in the OTC markets be executed through a regulated exchange or execution facility. Such requirements may make it more difficult and costly for the Funds to enter into highly tailored or customized transactions. They may also render certain strategies in which a Fund might otherwise engage impossible or so costly that they will no longer be economical to implement.

Short Sales

The Funds may sell securities short in implementing their trading strategies. Short sales can, in certain circumstances, substantially increase the impact of adverse price movements on a Fund's portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short.

Because the borrowed securities sold short must later be repurchased in the market, any appreciation in the market price of these securities results in a loss. Purchasing securities to close out the short position can itself cause their market price to rise further, increasing losses. Further, a Fund may be prematurely forced to close out a short position if a counterparty from which the Fund borrowed securities demands their return or increases the borrowing costs. There can be no assurance that securities necessary to cover a short position will be available for purchase.

Short selling in certain markets (for example, in the Asian securities markets) may be subject to materially more restrictive regulations, or as a practical matter be materially more difficult to do, than in U.S. and other developed markets. In response to the events of 2008–2009, certain restrictions, including the modified “uptick” rule and more stringent enforcement of the need to have a locatee in order to short, have been imposed in the U.S., which have made short selling materially more difficult and expensive.

Credit Default Swap Agreements

The Funds may enter into swap and similar derivative transactions involving or relating to interest rates, credit risks, non-U.S. currencies, commodities, securities, investment fund interests, indices, prices or other items. A swap transaction is an individually negotiated, non-standardized agreement between two parties to exchange cash flows (and sometimes principal amounts) measured by different interest rates, commodity prices, exchange rates, indices or prices, with payments generally calculated by reference to a principal (“notional”) amount or quantity. Many swap contracts and similar derivative contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. As a result, the Funds are subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the counterparties with which the Funds trade. Participants in the swap markets are not required to make continuous markets in the swap contracts they trade. Dodd-Frank includes provisions that comprehensively regulate the OTC derivatives markets for the first time. While Dodd-Frank is intended in part to reduce certain of the risks described above, its success in this respect may not be evident for some time after Dodd-Frank is fully implemented, a process that may take several years.

Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the exposure of the Funds to long-term or short-term interest rates, non-U.S. currency values, mortgage securities, corporate borrowing rates or other 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. The Funds are not precluded from any particular form of swap agreement if such investment is consistent with the investment objective and policies of the Funds.

Swap agreements tend to shift investment exposure from one type of investment to another. Depending on how they are used, swap agreements may increase or decrease the overall volatility of the Funds’ portfolios. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Funds. If a swap agreement calls for payments by Funds, the Funds must be prepared to make such payments when due. 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 Funds.

Options

The funds invest and trade in many forms of options. The purchase or sale of an option involves the payment or receipt of a premium by the investor and the corresponding right or obligation, as the case may be, to either purchase or sell the underlying security, commodity or other instrument for a specific price at a certain time or during a certain period. Purchasing options involves the risk that the underlying instrument will not change price in the manner expected, so that the investor loses its premium. Selling options involves potentially greater risk

because the investor is exposed to the extent of the actual price movement in the underlying security rather than only the premium payment received, which could result in a potentially unlimited loss. OTC options also involve counterparty solvency risk.

The Funds may engage in spreads or other combination options transactions involving the purchase and sale of related options and futures contracts. “Spread” trading, as it involves offsetting “relative value” positions, may be executed on a highly leveraged basis and is subject to the risk of sudden illiquidity in the markets, making it impossible, for example, to close out one “leg” of the spread. Also, the transaction costs of combination options transactions can be especially significant because separate costs are incurred on each component of the combination.

Pine River may cause the Funds to buy or sell OTC options – options on securities that are not traded on a securities exchange and are not issued or cleared by an internationally recognized clearing corporation. The risk of nonperformance by the obligor on such an option may be greater, and the ease with which Pine River can dispose of such an option may be less, than in the case of an exchange traded option issued by an internationally recognized clearing corporation.

Municipal Market Risks

The municipal securities market is fragmented, with significant variations in economic conditions, credit quality, and supply-demand fundamentals. It may be difficult to hedge the credit risk of specific municipal bonds, because it is typically not possible to take a short position or purchase CDS protection with respect to a given bond. Further, the municipal market is predominantly a retail buyer driven market. For these reasons, it is subject to different market fundamentals than mortgage-backed securities and equities markets. Public information in the municipal market is also less available than in other markets, increasing the difficulty of evaluating and valuing securities. Further, the Funds’ portfolio may include municipal bonds secured by payments to be made by private or single-purpose entities and changes in market conditions affecting such bonds, including the downgrade of an entity obligated to make such payments, could have a negative impact on the Funds’ performance.

Forward Contracts

Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. There is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain commodities or have quoted prices with an unusually wide spread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Funds due to unusually high trading volume, political intervention or other factors.

The imposition of credit controls by governmental authorities might also limit such forward trading to less than that which Pine River otherwise recommend, to the possible detriment of the Funds. In their forward trading, the Funds may be subject to the risk of the failure of, or the inability or refusal to perform with respect to its forward contracts by, the counterparties with which the Funds trade. Assets on deposit with such principals will also generally not be protected by the same segregation requirements imposed on CFTC-regulated commodity brokers in respect of customer funds on deposit with them. Accordingly, the insolvency or bankruptcy of such parties could also subject the Funds to the risk of loss.

Corporate Securities

Prices for corporate securities in general, including corporate bonds, equities, convertible bonds, options, derivatives, etc., are affected by numerous, often complex and interrelated, factors. A non-exhaustive list of price influences that may affect one or more issuers or industry sectors, the market for a particular security type, the markets in various jurisdictions and/or other aspects of a Fund's trading, includes: interest rates, inflation, general economic conditions, geopolitical forces, currency conditions and foreign exchange rates, market sentiment, analyst research and/or media reports, trading patterns and/or market trends, the availability of credit, credit spreads, an issuer's financial condition, corporate announcements and events, other conditions affecting an issuer's business, such as competition, product offerings, lawsuits and/or fraud, price-earnings ratios or other metrics, weather or climate forces, regulatory conditions or potential regulatory changes, and the public's and market participants' perception of such matters.

Just as the factors described above are complex, so, too, is the investment process. Capitalizing on the substantial years of experience of its personnel, Pine River attempts to predict price movements, taking into account the information available to it and utilizing such analytical methods as Pine River considers important and appropriate under the circumstances. There can be no assurances that Pine River will be successful in correctly identifying those factors affecting the price of securities held by the Funds or that Pine River will correctly predict the effect of such factors on the prices of relevant instruments and the timing thereof, or that the Funds will be able to buy and sell assets at advantageous times and prices.

Equity Securities

Numerous inter-related and difficult-to-quantify economic factors influence the prices of equities, including market sentiment and subjective and extraneous political and economic factors. There can be no assurance that Pine River will be able to predict future price levels correctly. These factors may cause equity prices to move contrary to Pine River's expectations, causing losses to the Funds.

Unregistered Securities, Private Investments and Illiquid Investments

The Funds may make investments in securities that are not registered with the SEC as of their issue date, including offerings of equities, convertible or exchangeable bonds, preferred shares and/or warrants. Such securities may be issued with registration (or similar "seasoning") rights, requiring the issuer to register the offered securities and/or the underlying securities for resale with the appropriate U.S. federal and state authorities by a contractually-specified deadline. In the interim, such securities generally are subject to holding periods and other restrictions on transfer. If an issuer fails to meet its contractual obligations, the Funds may be unable to dispose of the securities at appropriate prices if at all, or may experience substantial delays in doing so, and thus the Funds may not be able to realize the anticipated profit with respect to such investment for a substantial period of time, if ever. There can be no assurances that any issuer will succeed in registering for public resale the securities held by the Funds or that registration of securities pursuant to any such arrangement will create liquidity.

The Funds may make private investments and other investments in illiquid or thinly-traded instruments purchased or sold in private transactions. There may be no trading market for these instruments, and the liquidation of such investments could, depending on the circumstances, occur at disadvantageous prices. As a result, the Funds may be required to hold such securities despite adverse price movements. It may be difficult to hedge such investments and, unlike readily marketable securities, such investments typically are not eligible for portfolio financing. In addition, if the Funds hedge by making a short sale of an illiquid security, it may have difficulty in covering the short sale, resulting in a potentially unlimited loss on that position. The sale of restricted and illiquid securities may require more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the OTC markets. In some instances, the Funds may not be able to readily dispose of illiquid investments and, in some

cases, may be contractually prohibited from disposing of such investments for a specified period of time. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale.

Non-U.S. Securities

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

Sovereign Bonds

The Funds may invest a portion of their capital in global sovereign bonds and related investments. This strategy depends upon the use of high leverage to capture small mispricings among very liquid positions. The Funds may incur substantial losses from this strategy if Pine River incorrectly analyzes mispricings, or in the event of unexpected movements in sovereign bond prices. Other investment funds that have pursued this strategy have incurred substantial and sudden losses from time to time.

Indices

The Funds may trade in positions tied to indices, including mainstay equity and credit indices, as well as new or specialized indices focusing on the U.S. mortgage markets. It is possible that a financial instrument which is designed to track the performance of an index, positively or inversely, may fail to do so due to disruptions in the markets for the financial instrument or due to other extraordinary circumstances. In addition, such a financial instrument may not track exactly the performance of the index, whether positively or inversely, because the financial instrument is not itself the index. There can be no assurances that the indices will function as they are designed or intended, or that positions on such indices will be liquid. Failure to meet expectations regarding the design of an index or its liquidity could lead to substantial losses for the Funds.

Corporate Debt Obligations

Investment grade debt securities generally trade on the basis of their ratings, although at times the ratings of issuers have proved not to correspond to their actual creditworthiness. The potential discrepancy between a bond's credit rating and its actual creditworthiness may create both investment opportunities and risks. In addition, investment grade (and other debt) securities are subject to "flights to quality" in which the demand for any debt other than U.S. Treasuries is drastically reduced and the spread between government and corporate interest rates widens substantially, driving down the price of outstanding corporate debt.

In addition the Funds may invest in non-investment grade debt securities and unrated debt, which may be subject to greater market fluctuations and risks of loss of income and principal than lower yielding, investment grade securities, and are often influenced by many of the same unpredictable factors which affect equity prices. The value of non-investment grade debt is typically primarily determined by the perceived ability of the issuer to pay its debt in accordance with its terms. The Funds' investments in debt securities may experience substantial losses due to adverse changes in interest rates and the market's perception of issuers' creditworthiness.

Swaps and Similar Derivatives

The Funds may enter into swap and similar derivative transactions involving or relating to interest rates, credit risks, non-U.S. currencies, commodities, securities, investment fund interests, indices, prices or other items. Many swap contracts and similar derivative contracts are not currently traded on exchanges; rather, banks and dealers act as principals in these markets. As a result, the Funds are subject to the risk of the inability or refusal to perform with respect to such contracts on the part of the counterparties with which the Fund trades. Participants in the swap markets are not required to make continuous markets in the swap contracts they trade. Dodd-Frank includes provisions that comprehensively regulate the OTC derivatives markets, subject to rulemaking and oversight by the CFTC and SEC. While Dodd-Frank is intended in part to reduce certain of the risks described above, it is yet to be seen whether it will be effective in doing so.

Swap agreements can be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the exposure of the Funds to long-term or short-term interest rates, non-U.S. currency values, mortgage securities, corporate borrowing rates or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements tend to shift investment exposure from one type of investment to another. Depending on how they are used, swap agreements may increase or decrease the overall volatility of a Fund's portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency, individual equity values or other factors that determine the amounts of payments due to and from the Fund. If a swap agreement calls for payments by Fund, the Fund must be prepared to make such payments when due. 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.

Bank Loans and Participations

The Funds may invest in fixed- and floating-rate bank loans and participations. The special risks associated with these obligations include: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) environmental liabilities that may arise with respect to the collateral securing the obligations; (iii) adverse consequences resulting from participating in such loans with other institutions which may default on their obligation to provide additional funding under such loans; and (iv) limitations on the ability of the investor in a participation directly to enforce the lender's rights under such loans.

Asset-Backed Securities

The Funds may invest a portion of their capital in other fixed-income securities, including asset-backed securities. Like mortgage-backed securities, asset-backed securities are subject to interest rate risk and prepayment risk. Asset-backed securities are subject to additional risks in that, unlike mortgage-backed securities, asset-backed securities generally do not have the benefit of a security interest in the related collateral. Each type of asset-backed security also entails unique risks depending on the type of assets involved and the legal structure used. For example, credit card receivables are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer credit laws, many of which give debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due.

Commercial Mortgage-Backed Securities

Collateral underlying commercial mortgage backed securities ("CMBS") generally consists of mortgage loans secured by income producing property, such as regional malls, other retail space, office buildings, industrial or warehouse properties, hotels, rental apartments, nursing homes, senior living centers and self-storage properties. Performance of a commercial mortgage loan depends primarily on the net income generated by the underlying

mortgaged property. The market value of a commercial property similarly depends on its income-generating ability. As a result, income generation will affect both the likelihood of default and the severity of losses with respect to a commercial mortgage loan. Any decrease in income or value of the commercial real estate underlying an issue of CMBS could result in cash flow delays and losses on the related issue of CMBS.

A portfolio of CMBS may be backed by commercial mortgage loans with disproportionately large aggregate principal amounts secured by properties in only a few regions. As a result, the commercial mortgage loans may be more susceptible to geographic risks, such as adverse economic conditions, adverse events affecting industries located in such areas and natural hazards affecting such areas.

Mortgage loans underlying a CMBS may provide for no amortization of principal or may provide for amortization based on a schedule substantially longer than the maturity of the mortgage loans, resulting in “balloon” payments due at maturity. If the underlying mortgage borrowers are unable to refinance, such balloon payment mortgages are likely to experience payment delays and defaults. As a result, the related issue of CMBS could experience delays in cash flow and losses.

Distressed Securities

Investments in distressed securities may involve substantial financial and business risks that can result in significant or even total losses. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers.

Distressed investments may be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability, and a tribunal’s power to disallow, reduce, subordinate, or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. It may take a number of years for the market price of such securities to reflect their intrinsic value. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (*e.g.*, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or new securities the value of which will be less than the purchase price of the securities in respect to which such distribution was made.

PIPEs

Private investments in public equities, or PIPEs, generally involve contractual obligations by the issuer of such securities requiring the issuer to take certain actions, such as registering the securities or, in the case of convertible securities, issuing the underlying securities upon exercise of convertible securities and registering the underlying securities with the appropriate federal and state authorities for resale. If an issuer fails to meet its contractual obligations, an investor may be unable to dispose of the securities at appropriate prices if at all, or may experience substantial delays in doing so, and thus the investor may not be able to realize the anticipated profit with respect to such investment for a substantial period, if ever. There can be no assurances that any issuer will succeed in registering PIPE securities for public resale or that registration of securities pursuant to any such arrangement will create liquidity.

Real Estate Investment Trusts

The Funds may invest and trade in the securities of real estate investment trusts, or REITs, including REITs that invest in mortgage-backed securities and related strategies. Investments in REITs are subject to the risks incident

to the ownership and operation of real estate generally. Some of the risks associated with investments in real estate include declines in the value of real estate, risks related to general and local economic conditions, dependency on management skill, heavy cash flow dependency, possible lack of availability of mortgage funds, overbuilding, extended vacancies of properties, increased taxes and operating expenses, changes in zoning laws, losses due to costs resulting from the clean-up of environmental problems, liability to third parties for damages resulting from environmental problems, casualty or condemnation losses, limitations on rents, changes in neighborhood values and the appeal of properties to tenants and changes in interest rates. Further, REITs typically charge management fees and similar fees to investors, which may result in the layering of fees to investors in the Funds.

Collateralized Debt Obligations

The market value of collateralized debt obligations (“CDOs”) will generally fluctuate with, among other things, the financial condition of the obligors on the underlying debt obligations, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. CDOs are subject to credit, liquidity and interest rate risks. There is no established, liquid secondary market for many of the CDO securities the Funds may purchase, and CDOs may be subject to certain transfer restrictions. The lack of such an established, liquid secondary market and the restrictions on transfer may have an adverse effect on the market value of such CDO securities and the Funds’ ability to sell them. For example, in recent years, the liquidity of many CDO securities has been substantially reduced compared to prior periods. No assurance can be given that if the Funds were to dispose of a particular CDO held by the Funds, it could dispose of such investment at the previously prevailing market price.

The performance of CDOs will be adversely affected by macroeconomic factors, including (i) general economic conditions affecting capital markets and participants therein; (ii) the economic downturns and uncertainties affecting economies and capital markets worldwide; (iii) recent concern about financial performance, accounting and other issues relating to various publicly traded companies; and (iv) recent and proposed changes in accounting and reporting standards and bankruptcy legislation.

Currency Exchange Exposure and Currency Hedging

Because the Funds may invest in non-U.S. securities that are denominated or quoted in non-U.S. currencies, whereas the functional currency of the Fund is denominated in U.S. dollars, performance may be significantly affected, either positively or negatively, by fluctuations in the relative currency exchange rates and by exchange control regulations. To the extent Pine River seeks to hedge the Funds’ currency exposure, it may not always be practicable to do so. Moreover, hedging may not alleviate all currency risks. Furthermore, the Funds may incur costs in connection with conversions between various currencies. Currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Funds at one rate, while offering a lesser rate of exchange should the Funds desire immediately to resell that currency to the dealer.

To the extent Pine River enters into currency forward contracts (agreements to exchange one currency for another at a future date), these contracts involve a risk of loss if Pine River fails to predict accurately the direction of currency exchange rates. In addition, forward contracts are not guaranteed by an exchange or clearinghouse. Therefore, a default by the forward contract counterparty may result in a loss to the Fund for the value of unrealized profits on the contract or for the difference between the value of its commitments, if any, for purchase or sale at the current currency exchange rate and the value of those commitments at the forward contract exchange rate. Furthermore, while the markets for currency forward contracts are not currently regulated, they may in the future become subject to regulation under the Dodd-Frank, a development which may entail increased costs and result in burdensome reporting requirements.

There can be no guarantee that instruments suitable for hedging currency shifts will be available at the time Pine River wishes to use them or will be able to be liquidated when Pine River wishes to do so. In addition, Pine River may choose not to enter into hedging transactions with respect to some or all of its positions that are exposed to currency exchange risk.

Emerging Market Investing

The value of emerging market instruments may be significantly affected by political developments in the country of issuance. In addition, the existing governments in the relevant countries could take actions that have a negative effect on the Funds, including nationalization, expropriation, imposition of confiscatory taxation or regulation or imposition of withholding taxes on interest payments and other payments. The economies of many emerging market countries are still in the early stages of modern development and are subject to abrupt and unexpected change. In many cases, governments of such countries retain a high degree of direct control over their economies and may take actions having sudden and widespread effects. Also, many emerging market economies have a high dependence on a small group of markets or even a single market. Emerging market countries tend to have periods of high inflation and high interest rates as well as substantial volatility in interest rates. The value of emerging market debt can be expected to be very sensitive to changes in interest rates worldwide and, in particular, in the country of the relevant issuer. Emerging market debt issuers and their obligations are not generally rated by any credit rating agency, and a significant proportion of such issuers and obligations would likely fall in the lower rating categories if they were rated.

In addition, the risk of government intervention is particularly high in emerging markets because of both the political climate in many of these countries and the less developed character of their markets and economies, as discussed above. Government intervention could result from political, economic or internal policies and could cause a complete loss of the Funds' investments. For example, many emerging markets investors lost their entire investment during the Russian crisis of 1998.

Whole Loans

Pine River may cause the Funds to acquire whole loans — actual loans as opposed to asset-backed securities whose payment flows are dependent on payments of the underlying whole loans. When a Fund holds a whole loan, Pine River will be responsible for dealing directly with the issuer — which can both consume valuable Pine River resources which could be more profitably employed in other investments as well as subjecting the Fund to all the uncertainties, expenses and adversary proceedings which surround foreclosures in general.

Underlying Company Risk

The Funds may invest in companies that are subject to a high degree of business and financial risk. These companies, in certain cases, may have volatile operating results, operate in rapidly changing business environments, offer products subject to a substantial risk of obsolescence, and require significant additional capital to support their operations or otherwise have a weak or unstable financial condition.

For example, companies in which the Funds invest may have highly leveraged capital structures. Investments in such companies, when compared to investments in similar companies that are not highly leveraged, are at much greater risk in the event of any deterioration in the operating results of such companies as well as adverse changes in general economic conditions such as increases in interest rates or a downturn in the economy or in the respective industry sectors in which such companies operate. If these companies are not able to generate sufficient cash flow to meet principal and interest payments on their indebtedness, the value of the Funds' investments in such companies could be significantly reduced or even eliminated.

Fraud or deceptive practices on the part of the management of companies in which the Fund invests may not be detected by the due diligence efforts of Pine River and could materially adversely affect the value of the Funds' investments in such companies. In addition, even if the Funds do not themselves invest in companies whose management has been involved in fraud or deceptive practices, public knowledge of fraud or certain other deceptive practices at other companies can have adverse effects on the securities markets in general and adversely affect the value of the Fund's investments.

Small to Medium Capitalization Companies

The Funds may invest in and trade the debt and equity securities of companies with small to medium-sized market capitalizations in the United States and abroad. Small and medium capitalization companies provide significant opportunities, but they also involve higher risks in some respects than do investments in securities of larger companies. For example, prices of these securities are often more volatile than prices of large capitalization companies, and the public information regarding the securities of small to medium-sized companies may be less complete, accurate and timely. In addition, due to thin trading in some of these securities, investments may be less liquid than investments in the securities of larger capitalization companies.

TRADING RISKS

Trading in Non-U.S. Markets

Pine River may trade in markets outside the United States on behalf of the Funds. Trading in such markets is not regulated by any United States government agency and may involve additional risks not applicable to trading on United States exchanges. For example, certain non-U.S. exchanges may be substantially more prone to periods of illiquidity than the United States markets. Also, some non-U.S. markets, in contrast to United States exchanges, are "principals' markets" similar to the forward markets in which performance is the responsibility only of the individual member with whom the trader has entered into a trade and not of any exchange or clearing corporation. In such cases, the Funds will be subject to the risk of the inability or refusal to perform by the counterparty with whom the Funds have entered into a trade.

The Funds may not have the same access to certain trades as do other participants in markets outside the United States. Trading on non-U.S. exchanges also involves the additional risks of expropriation, burdensome or confiscatory taxation, moratoriums, exchange or investment controls and political or diplomatic disruptions, each of which might materially adversely affect the Funds' trading activities.

Trade Execution Risk and Portfolio Turnover

Many of the trading techniques used by the Funds require the rapid and efficient execution of transactions. Inefficient execution can eliminate the small pricing differentials which Pine River attempts to exploit, while incurring significant trading expenses. The potentially adverse impact of inefficient trade executions is increased by the Funds' high turnover rate in some funds. The turnover rate of the Funds' investment portfolios is significant, involving substantial brokerage commissions, fees and other transaction costs.

Duration of Investment Positions

Pine River may not know, except in the case of certain options or derivatives positions which have pre-established expiration dates, the maximum – or even the expected (as opposed to optimal) – duration of any particular position at the time of initiation. The length of time for which a position is maintained may vary significantly, based on Pine River's subjective judgment of the appropriate point at which to liquidate a position so as to augment gains or reduce losses.

The Funds' strategies may include acquiring related positions in a variety of different instruments or markets at or about the same time. Frequently, optimizing the probability of exploiting the pricing anomalies among these positions requires holding periods of significant length — often many months to a year or more. Actual holding periods depend on numerous market factors which can both expedite and disrupt price convergences. There can be no assurance that the Funds will be able to maintain any particular position, or group of related positions, for the duration required to realize the expected gains, or avoid losses, from such positions.

Trading in Currency Options

The Funds may trade options on currencies or on currency forward contracts. Although successful options trading requires many of the same skills as successful forward trading, the risks involved are somewhat different. For example, the assessment of near-term market volatility — which is directly reflected in the price of outstanding options — can be of much greater significance in trading options than it is in many long-term forward strategies. The use of options can be extremely expensive if market volatility is incorrectly predicted. A purchaser of options is exposed to the risk of loss of the entire premium paid; a seller, or writer, of call options is exposed to the risk of theoretically unlimited loss, and the seller of put options is exposed to the risk of substantial loss far in excess of the premium received.

Uncertain Exit Strategies

Certain securities in which the Funds invest may have a limited trading market. Consequently, not only may it be necessary for Pine River to spend a considerable period of time building a position (so as to avoid affecting market prices in the course of doing so), but also it may not be feasible for Pine River to exit a position effectively by open market sales (due to the adverse effect which such sales would have on the price of the securities being sold) in the event of non-consummation (consummation).

Exit strategies from risk arbitrage transactions can be disrupted by the fact that typically when an event occurs, numerous market participants may seek to exit their positions in the securities in question at or about the same time. In certain cases, Pine River may be required to attempt to develop a strategic exit plan (a buy-out, merger, etc.) in an attempt to realize value from a transaction. There can be no assurance that any such plan will come to fruition, and such a plan may involve inordinate costs and expenses even if successful.

Securities Lending and Borrowing

The Funds may lend or borrow securities in the ordinary course of business. In the event that the Funds were to engage in securities lending the Funds would be exposed to the risk that the third parties that borrow such securities might not be able to return these securities on demand (possibly causing the Fund to default on its obligations to other parties or to be unable to exercise voting or other rights with respect to such securities), or may default on the payment obligations owed to the Funds in connection with such securities loans, potentially resulting in substantial losses to the Funds. In the case of securities borrowing, the Funds are subject to the risk that the lender of such securities will recall them while the Funds have an open short position, which could necessitate: (i) the location of securities available to borrow from another source (possibly at a materially higher cost); (ii) the unwinding of a short position earlier than anticipated (potentially affecting the Funds' ability to hedge certain of its exposures); and/or (iii) the unwinding of related positions that Pine River believes could be inadequately hedged if efforts to timely locate an alternative source of borrowed securities on appropriate terms prove unsuccessful.

Leverage

The Funds may use leverage in pursuing its investment strategies. This could result in a Fund controlling substantially more assets than the Fund has equity. The Funds incur interest expense on the borrowings used to leverage their positions. Leverage will increase a Fund's returns as long as the Fund earns a greater return on investments purchased with its debt than the Fund's cost of borrowing. However, the use of leverage exposes the Funds to additional levels of risk, including (i) greater losses from investments than would otherwise have been the case had the Funds not borrowed to make the investments; (ii) margin calls or interim margin requirements which may force premature liquidations of investment positions; and (iii) losses when investments fail to earn a return that equals or exceeds the cost of borrowing. In the event of a sudden, precipitous drop in value of a Fund's assets, the Fund might not be able to liquidate assets quickly enough to repay its borrowings, further magnifying its losses.

The Funds' ability to employ leverage depends to a significant degree on the financial strength of lending counterparties. Financial institutions that have been reliable sources of financing in the past may experience financial distress or may become over-exposed to certain sectors. These or other factors may cause these institutions to exit the market, reduce the availability of financing or increase the amount of margin required to obtain financing. The Funds' profitability may be adversely affected if the Funds becomes unable to obtain cost-effective financing.

In an unsettled credit environment, Pine River may find it difficult or impossible to obtain leverage. Because the use of leverage is part of the investment strategy of the Funds, in such event a Fund could find it difficult to fully implement its strategy. In addition, any leverage obtained, if terminated on short notice by the lender, could result in a Fund being forced to unwind positions quickly and at prices below what Pine River deems to be fair value for the positions.

Liquidity Risk

Certain of the Funds' investments may have limited liquidity because of their nature (*i.e.*, privately placed securities) or market dislocations. The valuation of illiquid assets may be difficult or impossible to determine, and it may be impossible to sell or to sell an illiquid asset on favorable economic terms or at all. To the extent price quotes may be obtained on illiquid assets, those prices may be volatile and unreliable, and may fluctuate due to a variety of factors that are inherently difficult to predict, including changes in interest rates, prevailing credit spreads, general economic conditions, financial market conditions, domestic and international economic or political events, developments or trends in any particular industry, and the financial condition of the obligors.

Borrower Default; Insufficient Collateral

Loans that may be purchased by the Funds are subject to the risk of default by the applicable borrower. Although the Funds generally will invest in loans secured by collateral, this may not always be the case. Even if the loan is secured by collateral, the collateral may be insufficient to fully mitigate the risk of loss upon default. Moreover, there can be no assurance that the Funds can actually recover the collateral secured by the loan despite pursuing legal avenues available to it.

PINE RIVER RISKS

Evolving and Opportunistic Strategies

The investment and trading opportunities available to the Funds are varied and diverse. Pine River has complete flexibility in selecting the investment and trading strategies implemented by the Funds, subject to governing documents and agreements of the Funds.

Pine River is generally not limited to trading any specific instruments or pursuant to any specific strategy. Pine River Manager has complete flexibility in selecting the investment and trading strategies implemented by the Funds and intends to emphasize the use of strategies in which it believes that the proprietary valuation models, research capabilities and market experience of Pine River personnel provide a competitive advantage. Consequently, prospective investors should not anticipate that the Funds' investment portfolio will be consistent over time. Pine River expects that the strategies it uses will continue to develop and change over time. By investing in a Fund, Investors are relying on the discretionary market judgment and expertise of Pine River to trade in a wide range of markets and strategies, as well as to invest in positions with varying durations.

Model Risk

Pine River's strategies are based in part on proprietary models for valuing and analyzing investment opportunities. Competitors and other market participants commit substantial resources to updating and maintaining existing models as well as to the ongoing development of new models and algorithms. As market dynamics shift over time, a previously successful model may become outdated or inaccurate, perhaps without Pine River recognizing that fact before substantial losses are incurred. There can be no assurance that Pine River will be successful in developing and maintaining effective models.

Reliance on Technical Trading Systems

A portion of the Funds' capital may be allocated to investment strategies that are based on technical trading systems. Although Pine River retains all discretion with respect to the manner in which a trading system's output is interpreted and applied, there can be no assurance that Pine River's trading systems and its interpretation and application of the trading systems' output will take into account all relevant factors. Technical trading systems can also be ineffective when fundamental factors drive securities prices.

Quantitative Trading Systems

There has been, in recent years, a substantial increase in interest in quantitative, technical or computerized trading systems. As the capital under the management of computerized trading systems (many of which are based on similar general principles) increases, a growing number of traders may attempt to initiate or liquidate substantial positions at or about the same time as the Funds, or otherwise alter historical trading patterns, affect the execution of trades or affect the signals or inputs on which any Pine River models are based, to the detriment of the Funds.

There is some tendency for certain quantitative trading strategies to perform similarly during the same or approximately the same periods. Prospective investors must recognize that, irrespective of the skill and expertise of Pine River, the models it uses and the discretion it employs in implementing the Funds' investment strategies, the success of the Funds may be substantially dependent on general market conditions over which Pine River has no control.

Trading Decisions Based on Fundamental Analysis

Fundamental analysis is premised on the assumption that markets are not perfectly efficient, that informational advantages and mispricings do occur and that econometric analysis can identify trading opportunities. Investments that are based on fundamental analysis may incur substantial losses if the relevant economic factors are not correctly analyzed, not all relevant factors are identified and/or market forces cause mispricings to continue or to widen despite Pine River having correctly identified an investment opportunity. Fundamental analysis may also be more subject to human error and emotional factors than technical analysis.

Intellectual Property Risks

Pine River relies to a material extent on a wide range of intellectual property systems, including computer hardware and software systems and telecommunications systems, in substantially all phases of its operations, including research, valuation, trade identification and construction, trade execution, clearing, risk management, back office functions and reporting.

Intellectual property systems are subject to a number of inherent and unpredictable risks. For example, there may be material undiscovered errors in software programs; software and/or hardware may malfunction and/or degrade; electronic and telecommunications delivery may fail; security breaches may lead to unauthorized trades or stolen intellectual property; services provided by third-party vendors to support the intellectual property systems may be interrupted; and computer-driven trading errors may occur.

Dependence on Pine River

The Funds are dependent upon the ability of Pine River to manage their trading and investment programs and the continued availability of Pine River's services to the Funds. Pine River, in turn, is dependent upon the skill, judgment and expertise of and a relatively small number of key personnel. The loss of the services of these individuals could be material and adverse to the Funds.

Importance of Market Judgment

Although Pine River uses quantitative mathematical models to evaluate the economic components of certain prospective trades, however its strategies are not wholly systematic. The market judgment and discretion of Pine River's personnel is integral to implementing the Funds' strategies and success. Errors in market judgment can result in significant losses to the Funds.

Fluctuating Capital Base

Pine River's investor capital base varies over time based on a combination of performance, capital contributions and withdrawals, each of which is unpredictable. Although Pine River attempts to manage fluctuations in its capital base and to mitigate their effect, changes in the level of the Pine River's assets under management may adversely affect the operation and management Pine River and, indirectly, of the Funds.

Managed Accounts and Single Investor Funds

Pine River may manage single-investor funds and separately managed accounts for large institutional investors. These funds and accounts typically pursue strategies similar to those of the Funds. In the case of separately managed accounts, the investor typically has the ability to assume control over the account and to liquidate positions in the account. In the case of a large managed account, such liquidations could have an adverse effect on the Funds. In addition, the investor in a managed account usually has an ability to see all positions in the account. Such an investor, therefore, may have an advantage over an investor in the Funds both as to the liquidity and transparency of its investment.

Collective Investment Vehicles

The Pine River Funds are collective investment vehicles permitting subscriptions and redemptions. Depending on the timing of such subscriptions and redemptions, an Investor may be exposed to risks, costs and outcomes arising from investment activity that occurred prior to (or after) such Investor's investment in a Pine River Fund. Therefore, Investors in a Pine River Fund may receive income (e.g., class action proceeds or appraisal

actions) or bear expenses (e.g., regulatory actions, litigation matters and taxes) which are attributable to activities, transactions or other events that occur in a time period unrelated to the time period during which such investor is an Investor. Furthermore, a Pine River Fund may not have any authority or practical ability to allocate such items to the investors which were Investors at such other time period and Investors in the Pine River Fund at the time the item of income is received or expense is accrued may receive the benefit or burden of such item.

Litigation

In the ordinary course of its business, the Funds may be subject to litigation from time to time. The outcome of litigation, which may materially adversely affect the value of a Fund, is usually unpredictable, and such proceedings may continue without resolution for long periods of time. Any litigation may consume substantial amounts of Pine River's time and attention, and the time and the devotion of resources to litigation may be disproportionate to the amounts at stake in the litigation. The Funds will bear the costs and expenses of defending against claims and paying any settlements or judgments, which may reduce a Fund's net asset value and in exceptional circumstances could require investors to return distributed capital and earnings to the Fund.

Cybersecurity Breaches

The Funds are subject to risks associated with a breach in its cybersecurity. Cybersecurity is a generic term used to describe the technology, processes and practices designed to protect networks, systems, computers, programs and data from "hacking" by other computer users, other unauthorized access and the resulting damage and disruption of hardware and software systems, loss or corruption of data as well as misappropriation of confidential information. If a cybersecurity breach occurs, the Funds may incur substantial costs, including those associated with: forensic analysis of the origin and scope of the breach; increased and upgraded cybersecurity; investment losses from sabotaged trading systems; identity theft; unauthorized use of proprietary information; litigation; adverse investor reaction; the dissemination of confidential and proprietary information; and reputational damage. Any such breach could expose Pine River to civil liability as well as regulatory inquiry and/or action. In addition, any such breach could cause substantial withdrawals/redemptions from the Funds.

Valuation

The Administrator conducts the valuation of the Funds' investments and the determination of net asset values in coordination with Pine River. Pine River and its affiliates receive compensation based on net asset value, with higher net asset value generally resulting in higher compensation to Pine River and its affiliates. Pine River may also have an incentive to "smooth out" large changes in a Fund's net asset value over a period of months, in order to present a more consistent record of the Fund's financial performance. Thus, Pine River has an inherent conflict of interest in performing both investment management and valuation functions for the Funds. Pine River manage this conflict of interest by appointing a Pricing Officer who is not involved in the trading and investment decisions for the Funds, by appointing a Valuation Committee comprised of a majority of individuals who are not involved in trading and investment decisions for the Funds, and by having the day-to-day work of valuing investments performed by employees who do not make trading and investment decisions for the Funds. In the rare case of an unresolved valuation, the directors of the Funds who are not affiliated with Pine River will make a final decision, retaining such third-party valuation service providers and relying on such information, as such directors, in their sole discretion, deem necessary or appropriate. Annual audits by the independent auditor also act as a check on the risk of inflated or inaccurate values. Further, the administrators independently review net asset value calculations on a monthly basis, and may verify the valuation of investments by consulting with third-party sources of pricing information. Nevertheless, given the corporate and compensation structure of Pine River, this conflict of interest cannot be entirely eliminated.

MARKET AND COUNTERPARTY RISKS

General Market Risks

Pine River's strategies are subject to some dimension of market risk, including directional price movements, deviations from historical pricing relationships, changes in the regulatory environment, changes in interest rates, changes in market volatility, changes in the liquidity of certain positions or categories thereof, flights to quality, credit squeezes and other market conditions. Pine River's style of investing is risky, and potentially more risky than other investing strategies. There can be no assurance that the Funds will not sustain a sudden, dramatic, and potentially total, loss.

Nature of Investments

Pine River has broad discretion in making investments for the Funds. There can be no assurance that Pine River will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on investments. Prices of investments may be volatile, and a variety of factors that are inherently difficult to predict, such as U.S. or non-U.S. economic and political developments, may significantly affect the results of a Fund's activities and the value of its investments. In addition, the value of a Fund's portfolio may fluctuate as the general level of interest rates fluctuates. Investments generally consist of equity and debt securities, derivatives and other assets that may be affected by business, financial market or legal uncertainties. Pine River makes no guarantees that any Fund's objective will be achieved.

Leverage and Portfolio Maintenance

The Funds make extensive use of leverage, regularly borrowing from brokers, banks and other lenders to finance investment operations and enhance returns. The Funds also obtain leverage through trading securities on margin, futures, swaps and other derivatives, bank borrowings, structured vehicles, repurchase agreements and other means. The amount of borrowing the Funds have outstanding at any given time may be large in relation to their capital. The Funds are not limited in the amount of leverage they can use.

Through the use of leverage, Pine River often acquires positions with market exposure significantly greater than the amount of capital committed to the transaction. Leverage magnifies both the gains and the losses of a Fund's trading positions. A Fund's ability to maintain its leveraged positions is dependent upon having sufficient assets to meet margin calls and the liquidity demands of investors, as well as on the continued availability of dealer credit. Dealers have significant discretion over the amount of credit which they extend and they can tighten their credit requirements with varying degrees of notice — which they regularly do during periods of market disruptions.

Market Volatility

The prices of the instruments in which the Funds principally trade have been subject to periods of excessive volatility in the past, and such periods can be reasonably expected to recur. Price movements are influenced by many unpredictable factors, such as market sentiment, inflation rates, interest rate movements and general economic and political conditions. Governments from time to time intervene, directly and/or by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Intervention is often intended to influence prices and may, together with other factors, cause such markets to move rapidly.

While market volatility can create profit opportunities for the Funds, it can also create the risk that historical or theoretical pricing relationships will be disrupted, causing what may otherwise have been considered to be comparatively low risk positions to incur significant losses. On the other hand, the lack of volatility can also result in losses for certain of the Funds' positions that profit from price movements.

Interest Rate Risk

The Funds, especially those that pursue fixed income strategies, are subject to interest rate risk (*i.e.*, the value of fixed income securities are expected to change inversely with changes in interest rates). Pine River may attempt to reduce the exposure of a Fund's portfolio to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that Pine River will be successful in mitigating the impact of interest rate changes on a given Fund's portfolio.

Stagnant Markets

Although volatility is one indication of market risk, certain of the investment strategies employed by Pine River depend on market volatility for their profitability. In periods of trendless, stagnant markets and/or deflation, many alternative investment strategies have materially diminished prospects for profitability.

Illiquid Markets

The markets for certain of the instruments traded by the Funds may have limited liquidity under ordinary conditions or may experience periods of illiquidity despite generally being liquid. Lack of liquidity can make it economically unfeasible for the Funds to recognize profits on open positions or to close out open positions against which the market is moving. In addition, it can disconnect market values from the historical pricing indicators used in Pine River's investment analysis. The fewer the number of transactions that take place, the greater, in general, is the risk of market values not reflecting true pricing relationships or fair value.

Disrupted Markets

The Funds may incur major losses in the event of disrupted markets and other extraordinary events, in which market values become disconnected from, and potentially materially distorted in relation to, factors that ordinarily would be utilized in Pine River's analysis to determine appropriate value. The risk of loss from a disconnect from historical prices is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving.

The financing available to the Funds from their banks, dealers and other counterparties can be expected to be reduced in disrupted markets. Such a reduction may result in substantial losses to the Funds. Sudden restrictions of credit by the dealer community have in the past resulted in forced liquidations and major losses for a number of private investment funds applying strategies similar to those which are to be or may be implemented by the Funds. Market disruptions caused by unexpected political, military and terrorist events may from time to time cause dramatic losses for the Funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Inflation

Since the financial crisis began in 2008, governments and central banks have provided unprecedented financial support to markets, banks and private companies. This global infusion of credit could eventually lead to material levels of inflation, particularly in the less developed nations in which the Funds may invest a portion of their portfolio. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of many countries. There can be no assurance that inflation will not become a serious problem in the future and have an adverse effect on the Funds' returns.

Global Market Exposure

When investing outside of the United States, the Funds are subject to, among other risks: (i) currency exchange-rate risk; (ii) the potential imposition of withholding, income or excise taxes; (iii) the absence of uniform accounting, auditing and financial reporting standards and practices; (iv) securities borrowing and lending restrictions; (v) less rigorous disclosure requirements and little or potentially biased government supervision and regulation; and (vi) economic and political risks, including expropriation, exchange controls, and potential restrictions on foreign investment and repatriation of capital.

Concerns Regarding the European Union ("EU") and United Kingdom ("UK") Membership in the EU

Global markets and economic conditions have at times been negatively affected by the ability of certain EU member states to service their sovereign debt obligations. There is continued uncertainty over the outcome of the EU governments' financial support programs and the possibility that other EU member states may experience similar financial troubles that could further disrupt global markets. In particular, such uncertainty has and could in the future disrupt equity markets and result in volatile bond yields on the sovereign debt of EU members. These factors could have an adverse effect on the Fund. It may be possible for an EU member state that has adopted the Euro as its currency to opt out of it and return to a national currency. The effects of the exit of one or more countries from the EU are impossible to predict but are likely to be negative and may include, without limitation, flight of capital from perceived weaker countries to stronger countries in the EU, default on the exiting states' domestic debt, collapse of the exiting states' domestic banking system, seizure of cash or assets, imposition of capital controls that may discriminate in particular against foreigners' asset holdings, redenomination and revaluation of obligations of obligors in exiting countries, and political or civil unrest. Any such exit and any consequent redenomination and revaluation would cause significant uncertainty with respect to outstanding obligations of counterparties and debtors in any exiting country, whether sovereign or otherwise, and lead to complex, lengthy litigation.

The UK ceased to be a member of the EU on January 31, 2020 ("Brexit"). During a prescribed period (the "Transition Period"), which ended on December 31, 2020, certain transitional arrangements were in effect, such that the UK continued to be treated, in most respects, as if it were still a member of the EU, and generally remained subject to EU law. On December 24, 2020, the EU and the UK reached an agreement in principle on the terms of certain agreements and declarations governing the ongoing relationship between the EU and the UK, including the EU-UK Trade and Cooperation Agreement (the "TCA"). The TCA is limited in its scope primarily to the trade of goods, transport, energy links, and fishing; in particular the TCA does not make any meaningful provision for the financial services sector. Uncertainties remain relating to certain aspects of the UK's future economic, trading, and legal relationships with the EU and with other countries.

The impact of such events on the Funds is difficult to predict but they may adversely affect the return on the Funds and its investments. There may be detrimental implications for the value of certain of the Fund's investments, their ability to enter into transactions or to value or realize their investments or otherwise to implement its investment program. It is possible that certain of the Funds' investments may need to be restructured to enable the Fund's objectives to be pursued fully. This may increase costs or make it more difficult for the Fund to pursue its investment objectives.

Uncertainty in European Markets

There is often a high degree of government regulation in European economies, including in the securities markets. Action by such governments may directly affect foreign investment in securities in those countries and may also have a significant indirect effect on the market prices of securities and of the payment of dividends and interest.

Changes in policy with regard to taxation, fiscal and monetary policies, repatriation of profits, and other economic regulations are possible, any of which could have an adverse effect on private investments.

Certain European countries have undergone a substantial political and social transformation and there can be no assurance that the economic, educational and political reforms necessary to complete political and economic transformation will continue.

In addition, global markets and economic conditions have been negatively impacted by the ability of certain EU member states to service their sovereign debt obligations. The continued uncertainty over the outcome of EU governments' financial support programs and the possibility that other EU member states may experience similar financial troubles could further disrupt global markets. In particular, it has, and could in the future, disrupt equity markets and result in volatile bond yields on the sovereign debt of EU members. These factors could have an adverse effect on Pine River.

The uncertainty and market stress resulting from the withdrawal of the UK from the EU, coupled with the sovereign debt crisis, could also cause, among other things, severe disruption to equity markets, significant increases in bond yields generally, potential failure or default of financial institutions, including those of systemic importance, a significant decrease in global liquidity, a freeze-up of global credit markets and worldwide recession. Many of these effects have already been felt in connection with the withdrawal of the UK from the EU, but they could be magnified in the event of further departures from, or a complete breakup of, the EU.

Service Provider and Counterparty Risk

Institutions, such as banks and brokers, have custody of the assets of the Funds. Bankruptcy or fraud at one of these institutions may cause a Fund to lose all or a portion of its assets held by those custodians or to be unable to access those assets for an extended period of time. For instance, in September of 2008, the bankruptcy of certain Lehman Brothers subsidiaries resulted in certain investment funds being unable to access their cash or securities.

The markets in which the Funds effect some of their transactions are OTC or "interdealer" markets. Unlike members of "exchange-based" markets, the participants in such markets are typically not subject to credit evaluation and regulatory oversight. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss. This counterparty risk is accentuated for contracts with longer maturities or that have greater volatility if, as is typically the case, there is no requirement on the counterparty to make mark-to-market payments, exposing the Funds to large counterparty obligations.

The risk of a large loss may be greater if a Fund has concentrated its transactions with one or a few counterparties. However, transacting with many counterparties may increase the risk of incurring some loss (albeit a smaller loss). The Funds are not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. The events at Refco, Inc., Bear Stearns & Co., Inc., Lehman Brothers, American International Group, Inc. and MF Global, Inc. since 2007 demonstrated the extent to which investors, especially investors trading with leverage or who have otherwise posted substantial collateral with counterparties, are exposed to counterparty risk.

While Dodd-Frank is intended to bring more stability and lower counterparty risk to derivatives markets by requiring central clearing of certain standardized derivatives trades, not all of a Fund's trades will be subject to a clearing requirement because the trades are grandfathered or because they are bespoke, or because they are within a class that is not currently subject to mandatory clearing. Furthermore, it is yet to be seen whether Dodd-Frank will be

effective in reducing counterparty risk or if such risk may actually increase as a result of market uncertainty, mutuality of loss to clearinghouse members, or other reasons.

Financing Arrangements; Availability of Credit

The Funds will borrow funds and enter into other financing arrangements which may include the use of margin in securities investing, margining futures positions, margined option premiums, repurchase agreements, bank or dealer credit lines or the notional principal amounts of swap transactions. Such use of leverage is an integral part of the Funds' strategies and the Funds depends on the availability of credit in order to finance their portfolios.

As a general matter, the banks and dealers that may provide financing to the Funds have wide discretion in applying margin, haircut financing and security and collateral valuation policies. Changes by banks and dealers in one or more of these policies, or the imposition of other credit limitations or restrictions, whether due to market circumstances or government, regulatory or judicial action, may result in large margin calls, loss of financing, forced liquidations of positions at disadvantageous prices, termination of swap and repurchase agreements and cross-defaults to agreements with other banks and dealers. Any such adverse effects may be exacerbated in the event that such limitations or restrictions are imposed suddenly and/or by multiple market participants at or about the same time. The imposition of such limitations or restrictions could compel a Fund to liquidate all or part of its portfolio at disadvantageous prices.

Actions by U.S. regulatory authorities, including enactment of Dodd-Frank, may result in a significant reduction of the availability of credit to the Funds. Pine River has no ability to control such actions and the reduction or elimination of the availability of credit could have a material adverse effect on the Funds. During the credit crisis of 2008 and extending into 2010, a number of banks and dealers substantially curtailed financing activities and increased collateral requirements and the markets experienced rapid contractions and volatility. The events led to well-publicized failures or forced sales of major investment banks and their affiliated brokers and dealers, substantially increased governmental involvement in markets and forced many hedge funds to liquidate. As a consequence of these events, it is anticipated that banks and dealers may decrease lending to investment funds immediately in a time of stress, U.S. and non-U.S. governments may further increase the regulation of investment funds and otherwise intervene directly in markets, and investment funds may experience large withdrawals and may be unable to raise new capital in the event of regulatory or market turmoil. Ongoing increased collateral requirements by banks, dealers, or other counterparties would adversely affect the profit potential of the Funds. There can be no assurance that the Funds will be able to obtain adequate financing to pursue its investment program and achieve its objectives.

Hedging Generally

Pine River may not attempt to hedge all market or other risks inherent in the Funds' positions. Pine River may hedge certain risks, if at all, only partially. This could result in various directional market risks remaining unhedged.

Government Intervention; Dodd-Frank Reform Act

The global financial markets have in the past gone through pervasive and fundamental disruptions that have led to extensive and unprecedented governmental intervention in the markets, including U.S. as well as non-U.S. jurisdictions. Such intervention has in certain cases been implemented on an "emergency" basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. In addition — as one would expect given the complexities of the financial markets and the limited time frame within which governments have felt compelled to take action — these interventions have typically been unclear in scope and application, resulting in confusion and uncertainty which in itself has been

materially detrimental to the efficient functioning of the markets as well as previously successful investment strategies.

In response to the financial crises of 2008-2009, the Dodd-Frank Reform Act was enacted in July 2010. Dodd-Frank established a comprehensive framework for the regulation of markets, market participants and financial instruments that were previously unregulated and substantially alters the regulation of many other markets, market participants and financial instruments. Although most provisions of Dodd-Frank have now been implemented, certain provisions require rulemaking by applicable regulators before becoming fully effective. It is difficult to predict the ultimate impact of Dodd-Frank on the Funds, Pine River and the markets in which they trade and invest. Dodd-Frank could result in certain investment strategies in which the Funds engage or may have otherwise engaged becoming non-viable or non-economic to implement. The Dodd-Frank Reform Act and regulations adopted pursuant to Dodd-Frank could have a material adverse impact on the profit potential of the Funds.

Market Disruptions

The Funds may incur major losses in the event of disrupted markets and other extraordinary events which cause pricing relationships to deviate from the historical pricing patterns. The risk of loss from a disconnect from historical prices is compounded by the fact that in disrupted markets many positions may become illiquid, making it difficult or impossible to close out positions against which the markets are moving.

In disrupted markets, brokers and dealers may materially increase their margin requirements. Likewise, derivatives exchanges and clearinghouses may require brokers and dealers who are members to materially increase margin or cash collateral requirements. Derivatives exchanges may from time to time suspend or limit trading. Any such suspension could render it difficult or impossible for the Funds to liquidate affected positions and thereby expose the Funds to losses. There is also no assurance that non-exchange markets will remain liquid enough for the Funds to close out positions. Even investments that Pine River believes to be highly liquid may prove to be illiquid during market disruptions. Market disruptions may from time to time cause dramatic losses for Funds, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Market Conditions

Certain market conditions are materially more favorable to Pine River's strategies than others. Pine River has no control over such conditions, and during certain periods there could be a high probability of the Fund incurring substantial losses.

Political Uncertainty

Some of the results of recent elections and referenda in the United States, the U.K., Italy, Spain and other developed market countries have been unexpected and resulted in material market changes and increases in market uncertainty. Given recent changes in administrations and applicable law following these votes, the future of current regulations, or the adoption of new regulations, is also uncertain. These uncertainties may have adverse impacts on, or alternatively create investment opportunities for, the Funds.

Identity of Beneficial Ownership and Withholding Tax on Certain Payments

The Hiring Incentives to Restore Employment Act (the "HIRE Act") provides that a 30% withholding tax will be imposed on certain payments of U.S. source income and certain payments that could give rise to U.S. source interest or dividends unless the Funds enter into an agreement with the Secretary of the Treasury to disclose the name, address and taxpayer identification number of certain U.S. persons that own, directly or indirectly, an interest in the Funds, as well as certain other information relating to such interest. The Internal Revenue Service

(the “IRS”) has released regulations and other guidance that provide for the phased implementation of the foregoing withholding and reporting requirements. On November 29, 2013, the United States Department of the Treasury signed a Model 1 non-reciprocal intergovernmental agreement (“Model 1 IGA”) with the Cayman Islands. The Model 1 IGA modifies the foregoing requirements but generally requires similar information to be disclosed to the Cayman Islands government and ultimately to the IRS.

Although the Funds will attempt to satisfy any obligations imposed on them to avoid the imposition of this withholding tax, no assurance can be given that the Funds will be able to satisfy these obligations. If a Fund becomes subject to a withholding tax as a result of the HIRE Act, the return of all Investors may be materially affected. Moreover, a Fund may reduce the amount payable on any distribution or redemption to an Investor that fails to provide the Fund with the requested information.

Disease Outbreak Risk

Disease outbreaks that affect local economies or the global economy may have material and adverse impacts on the Fund, Fund investments and Pine River and its affiliates. In 2020, the global outbreak of a novel coronavirus and related respiratory disease (“COVID-19”) created enormous unprecedented economic and social uncertainty throughout the world, and it continues to cause economic disruptions internationally and domestically. Outbreaks such as COVID-19 can be expected to cause severe decreases in core business activities such as manufacturing, purchasing, tourism, business conferences and workplace participation, among others. Future disruptions related to disease outbreaks may lead to instability in the market place, including stock market losses and overall volatility, as have recently occurred in connection with COVID-19. In addition, these disruptions may result in shortages of parts for production as well as medicines and other healthcare-related products and services. Healthcare-related institutions, personnel, services and products may be particularly overwhelmed or become dysfunctional.

In particular, disruptions to commercial activity across economies due to the imposition of quarantines, remote working policies, “social distancing” practices and travel restrictions, and/or failures to contain the outbreak despite these measures, could materially and adversely impact Pine River’s investments, both in the near- and long-term in a variety of industries and regions or globally. The imposition of such restrictions (including “shelter in place” or “lock-down” directives) could materially disrupt Pine River’s business activities in turn negatively affecting its abilities to effectively identify, monitor and dispose of Pine River investments and operate Pine River in general. Similar disruptions have occurred and may continue to occur in respect of service providers and counterparties (including providers of financing). In addition, the COVID-19 outbreak has contributed to, and may continue to contribute to, volatility in financial markets, which may disrupt historical pricing relationships or trends, causing positions to become illiquid, disrupt the availability of financing or negatively impact the performance of Pine River. Governmental responses to the COVID-19 outbreak may be extreme, or may be inadequate to limit the outbreak’s spread or to mitigate its impact on any nation’s economy or the global economy, and these responses could have adverse effects, intended and unintended, on market structures and the overall, long-term performance of markets. The extent to which COVID-19 and future outbreaks affect Pine River will depend on a variety of factors and developments, which can occur extremely rapidly but cannot be predicted—including emerging new information about the severity of such outbreaks, containment measures, and actions proposed or taken to mitigate impact. During an outbreak, there can be no assurance that Pine River will be able to maintain normal business operations or will not lose the services of key personnel on a temporary or long-term basis due to illness or other reasons. The full impacts of disease outbreaks are unknown, resulting in a high degree of uncertainty for potentially extended periods of time.

Item 9 – Disciplinary Information

Investment advisers registered with the SEC are required to disclose all material facts regarding any legal or disciplinary events that could be important to a client’s evaluation of Pine River or the integrity of Pine River’s management. Pine River has the following legal or disciplinary action to disclose:

Beginning in 2009, an affiliate of Pine River, PRCM Advisers LLC (“Advisers”), was the external manager to Two Harbors Investment Corp. (“Two Harbors”) a publicly traded real estate investment trust pursuant to a management agreement entered into between the parties (the “Management Agreement”). On April 13, 2020, Two Harbors announced that it had elected not to renew the Management Agreement without cause, effective September 19, 2020 and that it owed Advisers approximately \$144 million in connection with the non-renewal. On June 17, 2020, Advisers sued Two Harbors in New York state court alleging, among other things, that Two Harbors improperly terminated the Management Agreement without cause. On July 15, 2020, Two Harbors sent Advisers a letter purporting to terminate the Management Agreement a second time, this time for cause, effective August 14, 2020. Advisers voluntarily dismissed its original complaint and re-filed a revised complaint in federal court on July 21, 2020, with amendments on September 4, 2020 and October 21, 2021. The federal complaint alleges, among other things, a federal claim of trade secret misappropriation, breach of contract for improper termination of the Management Agreement, intellectual property related claims, and tortious interference with contract. Advisers, Pine River and another advisory affiliate are currently plaintiffs in this lawsuit.

On November 17, 2021, Two Harbors filed an answer and counterclaims to the lawsuit. In its counterclaims Two Harbors alleges, among other things, that the Management Agreement should be rescinded pursuant to the Investment Advisers Act of 1940 (the “Act”) because the Management Agreement contained a provision which required Two Harbors to pay a termination fee in the event that the Management Agreement was terminated without cause, and because the Management Agreement limited the liability of Pine River and Advisers except for acts constituting reckless disregard of Advisers’ duties under the Management Agreement that had a material adverse effect on Two Harbors, willful misconduct and gross negligence. Pine River and Advisers strongly dispute Two Harbors’ allegations that those contractual provisions violate the Act and that Two Harbors is entitled to rescind the Management Agreement, and believe that none of the counterclaims have merit. Two Harbors’ counterclaims make no allegations regarding Pine River’s investment management of private funds.

Item 10 – Other Financial Industry Activities and Affiliations

Pine River and Pine River Domestic Management L.P. ("Pine River Domestic") are registered as commodity trading advisors and commodity pool operators with the Commodity Futures Trading Commission ("CFTC"), and certain of their supervised persons are registered as associated persons. Pine River operates the Funds pursuant to the requirements of CFTC Rule Section 4.7. The CFTC does not pass upon the merits of a particular pool or upon the adequacy or accuracy of any Account Documents.

Pine River has arrangements that are material to its advisory business with its affiliates, Pine River Domestic and Pine River Capital Partners (UK) LLP ("PR UK"). Pine River has entered into agreements with each of Pine River Domestic and PR UK. These agreements do not alter Pine River's status as the chief investment manager for all of the Funds.

In addition, Pine River and certain Funds have entered into agreements with Pine River's affiliate, Pine River Performance L.P., pursuant to which Pine River Performance L.P. receives all Incentive Fees/Allocations earned by Pine River in respect of such Funds.

Item 11 – Code of Ethics

Pine River has adopted a Code of Ethics and other ethical rules and guidelines for avoiding prohibited acts and eliminating potential conflicts of interests (“Ethics Rules”). Policies against over-reaching, self-dealing, insider trading, and conflicts of interest are set forth in Pine River’s Ethics Rules. Among other matters, the Ethics Rules forbid any member, officer, affiliate, or employee of Pine River from trading, either personally or on behalf of others (such as the Funds managed by Pine River), on material non-public information or communicating material non-public information to others in violation of the law.

In addition, the Ethics Rules set forth restrictions on the receipt of gifts, outside employment, maintenance of brokerage accounts, and other matters. Pine River believes that its Ethics Rules are appropriate to prevent or eliminate potential conflicts of interests between Pine River and its employees and Investors and the Funds it manages. Yet, clients, Investors, and Funds managed by Pine River should be aware that no set of rules can anticipate or avoid all potential conflicts.

If you would like to receive a copy of Pine River’s Code of Ethics, contact Pine River’s Legal Department by telephone at (612) 238-3300 or submit a written request to 601 Carlson Parkway, 7th Floor, Attn. Compliance Department, Minnetonka, MN 55305 U.S.A. or compliance@prcm.com.

Item 12 – Brokerage Practices

Description of Research Services Pine River Receives from Brokers and Dealers

Pine River receives a wide array of research services from brokers and dealers. The research received may include information on the United States and international economies, particular industries, groups of securities, business sectors, individual companies, statistical, technical and quantitative details about markets, accounting and tax law interpretations and opinions, political developments, legal developments affecting the securities markets, credit analysis, risk measurement analysis, performance analysis, and analysis of corporate ethics and responsibility issues.

Research is received primarily in the form of written reports, telephone contacts, e-mails, facsimiles, personal meetings, research seminars, and access to computer databases. In some instances, research services are generated by third parties and are provided to Pine River by or through broker-dealers.

Pine River may have an incentive to select a broker-dealer based on its interest in receiving research or brokerage services, rather than best execution for its clients. Pine River does not enter into agreements with brokers exchanging specific amounts of business for research services. But Pine River may consider, in making a decision relative to best price and execution, the value of research services it receives from particular broker-dealers.

Except for services that would be a Fund expense or as otherwise described in the applicable Fund documents, Pine River does not intend to use “soft dollars” other than to obtain research and brokerage services within the meaning of Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended (the “Securities Exchange Act”). During any time that the assets of a Fund are considered for purposes of ERISA and Section 4975 of the Code, to be assets of employee benefit plans and other plans, Pine River will limit the use “soft-dollars” to obtain “research” and “brokerage” services within the meaning of Section 28(e) of the Securities Exchange Act. Soft dollar benefits are not allocated proportionately to the clients that generate any particular benefit.

Best Price and Execution Policy

Pine River’s ability to determine the securities to be bought or sold, the amount to be bought or sold, and the broker to be used is limited by the parameters set forth in each Fund’s organizational documents, offering materials, and/or investment management agreement with Pine River. In selecting brokers, dealers, and futures commissions merchants to effect transactions in financial instruments, Pine River considers factors such as general ability to obtain best execution, price, and the brokers and dealers’ facilities, reliability, credit quality, and financial responsibility.

Pine River’s general policy with respect to selecting brokers and paying commissions is to seek the best price and execution in regards to all portfolio transactions.

In selecting brokers or dealers to execute transactions for its clients, Pine River is not required to solicit competitive bids or to seek the lowest available commission cost. Pine River considers the full range and quality of the brokerage services available when choosing a broker for a particular transaction. When choosing a broker Pine River considers:

- the price of the security,
- the commission rate,
- the size of the order,
- the reliability, integrity, financial condition, general execution and operational capabilities of competing brokers and dealers,

- the complexity of a particular transaction in terms of both execution and settlement,
- the level and type of business done with a firm over a period of time,
- research relating to a certain transaction,
- the extent to which the broker or dealer has capital at risk in the transaction,
- rates quoted by brokers and dealers,
- rates which other institutional investors are paying based upon publicly available information,
- arbitrage skills, and
- capable floor brokers and traders.

Pine River has not and does not intend to enter into any arrangement requiring it or its clients to allocate either a stated dollar amount or stated percentage of its brokerage business to any broker.

Pine River is not responsible for the acts or omissions of any broker or dealer selected by it in good faith.

Allocation of Investment Opportunities

In allocating investment and trading opportunities among its clients, Pine River makes a determination, exercising its judgment in good faith, as to whether an opportunity is appropriate for each client. Factors in making such a determination may include a client's liquidity, overall investment strategy and objectives, the regulatory constraints of the client, the composition of the client's existing portfolio, the size or amount of the available opportunity, the characteristics of the securities involved, the liquidity of the markets in which the securities trade, the risks involved, and other factors relating to the relevant client and investment opportunity. Pine River is not required to provide every opportunity to the Fund.

If Pine River determines that an investment or trading opportunity is appropriate for more than one client, then Pine River allocates such investment or trading opportunity among clients in a manner that Pine River determines, exercising its judgment in good faith, to be fair and equitable, taking into consideration all allocations among such clients taken as a whole and, if the assets of the Fund are considered for purposes of ERISA or Section 4975 of the Code, to be assets of employee benefit plans or plans, to comply with the fiduciary provisions of ERISA with respect to the assets of the Fund. Pine River has broad discretion in making that determination, and in amending that determination over time. Pine River is not required to provide every opportunity to every client, or to allocate opportunities on a pre-determined basis.

Notwithstanding the foregoing, certain personnel of Pine River may be assigned to make trading decisions solely for the benefit of one or more specific clients of Pine River, without reference or consideration to the needs or interests of the Funds. Such personnel will not have an obligation to share investment or trading opportunities with other clients of Pine River. As a result, the Funds may not receive the benefit of the investment strategies and research of such personnel, and may not receive any allocations with respect to the trades executed by such personnel.

Additionally, from time to time Pine River may identify specific trading and investment opportunities ("Tactical Opportunities") that it believes: (i) may be of particular interest to one or more single investor funds or accounts that Pine River manages (including the Funds) (each, a "Tactical Investor"); and (ii) are unsuitable – either qualitatively or quantitatively – for other funds and accounts managed by Pine River ("Non-Tactical Clients"). From time to time Pine River may give one or more Tactical Investors the Opportunity to invest more capital into a Tactical Opportunity than would ordinarily be the case based on Pine River's routine trade allocation policy. Pine River will permit a Tactical Investor to make such an oversized allocation only if and when Pine River determines that to do so will not be prejudicial to, or reduce the investment capacity which might otherwise be used by, Non-Tactical Clients.

Bunched Trades

Pine River is permitted to bunch trades on behalf of more than one Fund. Pine River may bunch trades when it determines, exercising its judgment in good faith, that bunching a trade is fair and equitable and will improve trade execution or otherwise benefit (or not be harmful to) the Funds participating in the trade. When allocating bunched trades among Funds, Pine River will ensure that: (a) each Fund is treated fairly with respect to priority of executing orders; (b) trades are allocated on a timely basis; (c) transaction prices and costs are averaged and allocated *pro rata* among all Funds participating in a trade; (d) partially filled orders are allocated *pro rata* among all Funds participating in a trade; and (e) accurate and complete records of all bunched trades are maintained. It may not always be possible or consistent with the investment objectives of the various Funds to take or liquidate the same investment positions at the same time or at the same price. However, Pine River will make all transactions on a “best execution” basis.

Information Obtained in the Course of Business

Pine River and its affiliates, in trading on behalf of the Funds or their own accounts, may make use of information obtained by them in the course of managing the Funds. Pine River and its principals and affiliates do not have an obligation to the Funds for any profits earned from their use of such information or an obligation to compensate the Funds in any respect for their receipt of such information.

Purchase of New Issues

Certain of the Funds may from time to time, to the extent permitted by the Rules of the U.S. Financial Industry Regulatory Authority, Inc. (the “FINRA Rules”), purchase equity securities that are part of an initial public offering (“New Issues”). Under the FINRA Rules, brokers generally may not sell such securities to a private investment fund if the fund has investors who are “Restricted Persons” or “Covered Investors.” Restricted Persons includes persons employed by or affiliated with a broker and portfolio managers of hedge funds and other registered and unregistered investment advisory firms, and Covered Investors includes certain persons who are affiliated with certain companies that are current, former or prospective investment banking clients of the broker, unless the fund excludes such Restricted Persons and/or Covered Investors from receiving allocations of profits and losses from New Issues. The profits and losses from New Issues will generally be allocated to investors in the Fund that are not Restricted Persons. Certain Funds may make use of a “de minimis” exemption pursuant to which a portion of any New Issue profits and losses may be allocated to Restricted Persons and/or Covered Investors. Such allocations may result in FINRA Rule 5131 Covered Investors receiving a smaller allocation of new issues profits and losses than permitted under FINRA Rule 5131.

Pine River will determine, among other things: (i) the manner in which new issues are purchased, held, transferred and sold by the Fund and any adjustments (including the payment of interest) with respect thereto; (ii) the Investors who are eligible and ineligible to participate in the profits and losses from new issues; (iii) the method by which profits and losses from new issues are to be allocated among Investors in a manner that is permitted under FINRA Rules (including whether a Fund will avail itself of the de minimis exemption or any other exemption); and (iv) the time at which new issues are no longer considered as such under FINRA Rules.

Upon Pine River’s determination that the FINRA Rules’ restrictions no longer apply to a new issue (typically, after the close of market trading on the day in which new issue shares are acquired by the Fund), Pine River will typically reallocate the new issue shares among all Investors in the Fund that invested in the new issues shares on a *pro rata* basis, through journal entries showing transfers of shares at the market price at the time of the transfer (typically, the closing price at the end of the first day of market trading).

Subscription documents for Funds investing in new issues elicit information from each Investor to enable Pine River to identify Investors that are Restricted Persons or Covered Investors. If there is any uncertainty concerning whether an Investor is a Restricted Person or Covered Investor, then Pine River will treat that Investor as a Restricted Person or Covered Investor until the Investor provides sufficient information to Pine River to enable it to determine that such Investor is not a Restricted Person or Covered Investor. Pine River maintains a register of the restricted or un-restricted status of all Investors.

Principal Trades

Pine River may effect principal trades between itself and a Fund when Pine River, exercising its judgment in good faith, determines that a principal trade is beneficial to the Fund, and is fair and equitable. In certain cases, a client of Pine River, such as a Fund, may be deemed to be a proprietary account of Pine River for principal trade purposes. Whenever possible, Pine River will effect a principal trade at or with reference to the market price of the securities involved, and may effect such principal trade via a broker-dealer or other third party market participant. In effecting a principal trade, Pine River may not intentionally favor itself over a Fund.

Pine River will only enter into principal trades in accordance with, and as permitted by, applicable law, including the Investment Advisers Act of 1940, as amended; principal trades are not allowed when the underlying assets of a Fund are considered for purposes of ERISA or Section 4975 of the Code to be assets of employee benefit plans.

Pine River's Chief Compliance Officer is required to approve all principal trades in advance. Notwithstanding the foregoing, every principal trade involves a potential conflict of interest among the parties to the transaction and Pine River, particularly the conflict between acting in its own best interests and assisting its clients by selling or purchasing a particular security.

Cross Trades

Pine River or any of its affiliates may effect cross trades between Funds managed by Pine River or its affiliates when Pine River, exercising its judgment in good faith, determines that a cross trade is mutually beneficial to the Fund and such other party and is fair and equitable. Whenever possible, Pine River will effect a cross trade at or with reference to the market price of the securities involved, and may effect such cross trade via a broker-dealer or other third party market participant. In effecting a cross trade, Pine River will not intentionally favor one party to the transaction over the other, however in hindsight a cross trade may appear to have favored one party over the other. Pine River and its affiliates will not receive commissions, or otherwise profit, from cross trades.

Cross trades will be effected by Pine River and its affiliates only to the extent permitted by applicable law; with limited exceptions, cross trades are not allowed when the underlying assets of one or both of the Funds involved are considered for purposes of ERISA or Section 4975 of the Code to be assets of employee benefit plans.

Pine River's Chief Compliance Officer is required to approve all cross trades in advance. Notwithstanding the foregoing, every cross trade involves a potential conflict of interest among the parties to the cross trade and Pine River. In any cross trade, Pine River will have a potentially conflicting division of loyalties and responsibilities regarding both clients that are parties to a particular cross trade.

Trade Error Correction Policy

Pine River strives to ensure that trades are executed in a timely and accurate manner. Yet, in the course of carrying out trading and investing responsibilities on behalf of the Funds, Pine River's personnel may make trade errors. Trade errors may include:

- (a) trades that should not have occurred (e.g., trades that are not legally permitted, not within the Fund's mandate or not authorized by the Funds' governing documents),
- (b) trades that were erroneously entered into (e.g., incorrect security, quantity, price, terms or allocation), or
- (c) trades that should have occurred but did not (e.g., an order was erroneously not placed).

If a trade error occurs, Pine River will take appropriate action to rectify or limit the consequences of the trade error, which may include, depending on all relevant factors and pursuant to Pine River's Trade Error Policy, (1) allocating any profit resulting from such trade error for the benefit of the relevant Fund; and (2) reimbursing the Fund for any losses resulting from such trade error.

Additionally, a trade error in one of the Funds may be corrected through a reallocation or transfer of a position to another Fund or account managed by Pine River. Pine River will make such a reallocation or transfer only if (i) it represents an appropriate investment decision on behalf of each Fund or account involved, (ii) the reallocation or transfer does not cause a loss to the transferee Fund or account, and (iii) Pine River's Chief Compliance Officer has determined that the reallocation or transfer is permissible by law and consistent with the fiduciary duties owed by Pine River to all Funds and accounts involved.

ERISA Considerations

Investments in the Funds are generally open to institutions, including pension and other funds subject to ERISA. Investments in certain Funds by benefit plan investors may exceed 25% of the total value of each class of equity interests of such Fund. Pine River has implemented policies and procedures in order to ensure compliance with the requirements of ERISA with respect to such Funds, and in connection therewith Pine River is and intends to maintain its status as a "qualified professional assets manager, or QPAM, as defined under Prohibited Transaction Class Exemption 84-14 issued by the U.S. Department of Labor.


Most U.S. pension and profit sharing plans, individual retirement accounts and other tax-advantaged retirement funds are subject to provisions of Section 4975 of the Code, ERISA, or both. This could be relevant to a potential Investor's decision to invest in a Fund. Pine River encourages Investors to consult legal counsel regarding questions related to ERISA.

At such times as a Fund is a "plan assets" fund under ERISA, additional obligations and limitations may apply to the management of the Fund and the investments that the Fund may hold.

Item 13 – Review of Accounts

Pine River has established a risk management committee, appointed a chief risk officer, and implemented a risk management policy in order to formalize risk management controls and ensure appropriate independence for its risk management function. Pine River's investment and risk management personnel monitor the Funds on a continuous basis to assess systemic, portfolio-level and position-specific risks. Pine River uses both proprietary and commercially-licensed computer systems to assist in monitoring, analyzing and managing the risks inherent in the Funds' investments. Pine River may modify any of its risk management techniques at any time.

The Funds have independent administrators which review security valuations on a monthly basis. The administrator for each Fund reconciles positions and cash details directly with the custodians on a daily basis. Pine River has also engaged an independent public accounting firm to conduct annual audits of the Funds. As part of the annual audit process, the accounting firm independently verifies security prices and positions in the Funds, and confirms the Funds' ownership of investment assets.



Item 14 – Client Referrals and Other Compensation

Pine River does not receive economic benefits for providing investment advice or other advisory services, except from its clients. Neither Pine River nor any of its related persons directly or indirectly compensate any person who is not a supervised person of Pine River or its related persons for client referrals.

Item 15 – Custody

Pine River does not serve as the qualified custodian of any of the assets owned by the Funds and does not maintain physical custody of any certificated securities or cash owned by the Funds (other than certain privately offered securities to the extent permitted by the Investment Advisers Act and related SEC interpretive guidance). However, in connection with the services Pine River provides to its Funds, Pine River or its affiliates may, among other things, act as a general partner of a Fund, have investment discretion with respect to a Fund investment or debit advisory fees from custodial accounts with approval from its administrators. As a result of such powers, Pine River is deemed by the applicable regulatory rules to have constructive custody of the assets of each Fund for purposes of the custody rule of the Investment Advisers Act. Pine River satisfies the applicable regulatory requirements related to custody by, among other things, ensuring that 1) each Fund is subject to an annual audit by an independent accounting firm that is registered and examined by the Public Company Accounting Oversight Board, and 2) audited financial statements for each Fund are delivered to the Investors in the Funds within the applicable required time frame.

Item 16 – Investment Discretion

Except with respect to certain Pine River Management Accounts, each Fund retains Pine River to exercise investment discretion in accordance with the investment objectives and investments mandates of each Fund, all as set forth in the applicable Account Documents. Generally, Pine River does not accept instructions from clients with respect to investments by or for their accounts. Pine River Managed Accounts can impose restrictions on investing in certain securities or types of securities. Pine River Managed Accounts can also negotiate other terms with Pine River. Pine River Managed Account restrictions and terms are formalized in advisory agreements with Pine River. Clients' investment guidelines and restrictions must be provided to and agreed with Pine River in writing.

Item 17 – Voting Client Securities

Proxy Voting Procedures and Guidelines

Pine River has adopted written proxy voting guidelines and procedures (“Proxy Voting Guidelines”) in accordance with Rule 206(4)-6 of the Advisers Act. In voting proxies for the Funds, Pine River’s goal is to act prudently and in the best interest of the Funds, and accordingly of Investors. Pine River seeks to consider all positive and negative consequences its vote could have on the value of the investment. When Pine River votes proxies, it will do so in a manner that it believes will be consistent with efforts to maximize the value of the Funds’ positions. In its discretion, Pine River may choose not to vote on a particular proxy.

When a Fund has authorized Pine River to vote proxies on its behalf, Pine River generally will not accept instructions from the Fund or an Investor regarding how to vote proxies.

In furtherance of Pine River’s goal to vote proxies in the best interests of the Funds, Pine River seeks to identify and address material conflicts that may arise between Pine River’s interests and those of the Funds and Investors before voting proxies on behalf of the Funds.

Pine River’s judgment concerning the manner in which the best economic interest of the Funds is achieved may change over time based on additional information, further analysis, and changes in the economic environment. Accordingly, Pine River’s Proxy Voting Guidelines may be revised in Pine River’s discretion.

Pine River’s senior investment personnel oversee and manage the process by which it votes proxies. Investors can obtain a copy of Pine River’s Proxy Voting Guidelines and a record of Pine River’s voting on behalf of a particular Fund by contacting Pine River’s Legal Department by telephone at (612) 238-3300 or by submitting a written request to 601 Carlson Parkway, 7th Floor, Attn. Compliance Department, Minnetonka, MN 55305 U.S.A. or compliance@prcm.com.



Item 18 – Financial Information

Registered investment advisers are required to disclose whether it has any financial condition that could impair its ability to meet its contractual commitments to clients, and whether it has been the subject of a bankruptcy proceeding. Pine River does not have any adverse financial conditions to disclose and it has not been the subject of a bankruptcy proceeding.