

## Item 1 Cover Page



# volofin Capital Management (US), LLC

## Form ADV Part 2A Firm Brochure

This Brochure (the “Brochure”) provides information about the qualifications and business practices of volofin Capital Management (US), LLC (“volofin Capital Management,” the “Firm,” “we,” “us” or “our”). If you have any questions about the contents of this Brochure, please contact us at (646) 866-6997. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about volofin Capital Management also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for volofin Capital Management is 309922.

*volofin Capital Management is registered as an investment adviser with the SEC pursuant to the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Recipients of this Brochure should be aware that registration with the SEC does not in any way constitute an endorsement by the SEC of an investment adviser’s skill or expertise. Further, registration does not imply or guarantee that a registered adviser has achieved a certain level of skill, competency, sophistication, expertise or training in providing advisory services to its clients.*

## volofin Capital Management (US), LLC

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**Brochure prepared on March 29, 2022**

## Item 2 Material Changes

This Brochure contains updated information about volofin Capital Management's business since the last annual update dated March 30, 2021. This section of the Brochure will address only those "material changes" that have been incorporated since the last annual delivery of this document on the SEC's public disclosure website (IAPD) to assist and make you aware of certain information that has changed since the last annual delivery of the Brochure. Accordingly, since the annual updating amendment dated March 30, 2021, the following material changes to volofin Capital Management's business and enhancements to disclosures have occurred:

- Item 4. Advisory Business. While volofin Capital Management currently only provides non-discretionary portfolio management and investment advisory services to an insurance company, volofin Capital Management does not currently provide discretionary or non-discretionary portfolio management and investment advisory services to any pooled investment vehicles. The disclosure of relationships with pooled investment vehicles is premature as volofin Capital Management plans to offer services to such vehicles; *however*, volofin Capital Management does not provide services to a pooled investment vehicle currently. Accordingly, volofin Capital Management made enhancements throughout this Brochure by removing the disclosure of relationships with pooled investment vehicles.

Revisions and enhanced disclosure to Advisory Business, specifically regulatory assets under management as of December 31, 2021.

- Item 8. Methods of Analysis, Investment Strategies and Risk of Loss. Updates to Certain Risk Factors under Item 8. volofin Capital Management enhanced disclosures pertaining to "LIBOR". Additionally, volofin Capital Management added two (2) new risk factors: "Issuer Risk"; and "Terrorism, War, Natural Disaster and Epidemic Risk".

All recipients of this Brochure are encouraged to read it carefully in its entirety. volofin Capital Management will further provide you with a new Brochure as necessary based on changes or new information, at any time, without charge.

Currently, volofin Capital Management's Brochure may be requested by contacting Mr. Gary Eakins, Chief Compliance Officer (the "CCO") at (646) 671-2356 or [gary.eakins@volofin.com](mailto:gary.eakins@volofin.com).

Additional information about volofin Capital Management is also available via the SEC's web site [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for volofin Capital Management is 309922. The SEC's web site also provides information about any persons affiliated with volofin Capital Management who are registered, or are required to be registered, as investment adviser representatives of volofin Capital Management.

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## Item 4 Advisory Business

### Firm Background

volofin Capital Management is a Delaware limited liability company that was formed in December 2018 for the purpose of providing portfolio management and investment advisory services. As a global asset management and specialty finance company, volofin Capital Management is focused on originating or investing in public and private commercial aviation loans, notes and securities. volofin Capital Management's principal office and place of business is located in New York, New York. volofin Capital Management is wholly owned and controlled by volofin Capital Management Group LP ("vCM Group"), an exempted limited partnership formed and registered under the laws of the Cayman Islands in December 2018. vCM Group is controlled by its general partner, volofin LLC ("volofin LLC"), an exempted limited liability company formed and registered under the laws of the Cayman Islands in December 2018, and is wholly owned and controlled by Mr. J. Robert "Bob" Peart. Additionally, Mr. Bob Peart is the sole limited partner of vCM Group. volofin Capital Management's officers and senior management team is comprised of Messrs. Bob Peart, as Chief Executive Officer and Gary Eakins, as Chief Compliance Officer.

Through common control, volofin Capital Management is affiliated with volofin Capital Management Ltd. ("vCML"), a private limited company formed and registered under the laws of England and Wales in January 2019. vCML's principal office and place of business is located in London, England. vCML is wholly owned by vCM Group and controlled by its directors Messrs. Bob Peart, Robert D. Jack and Stewart G.B. Tanner. volofin Capital Management's and vCML's officers and senior management team is comprised of Messrs. Bob Peart, Gary Eakins, Robert D. Jack and Stewart G.B. Tanner (each a "Principal" and, collectively, the "Principals"). Each Principal has been involved in the commercial aviation financing and investment business for over twenty-five years, with significant experience financing, investing in, and managing commercial aviation assets through multiple industry cycles. With respect to certain advisory clients, volofin Capital Management provides non-discretionary portfolio management and investment advisory (or sub-advisory) services through vCML. Unless otherwise stated, any reference made to volofin Capital Management includes vCML hereinafter. See *Item 10 – Other Financial Industry Activities and Affiliations* of this Brochure for more information regarding the volofin Capital Management's affiliated entities.

volofin Capital Management has adopted an investment strategy that targets private and public structured credit investments secured by commercial aviation assets. volofin Capital Management offers recourse and non-recourse financing solutions for aviation investment firms, aircraft lessors and airlines. By having a multi-channel origination platform designed to source a broad set of investment opportunities across the market, it is volofin Capital Management's strategic focus to position itself as one of the leading non-bank self-originating direct lenders to the global commercial aviation market. volofin Capital Management's primary focus is being the lead or sole lender, which volofin Capital Management believes allows it to exert greater influence over deal terms, structure, documentation, fees and pricing, while at the same time securing its position as a preferred source of financing for borrowers. Additionally, volofin Capital Management participates in syndicated transactions either at origination or through secondary market purchases (e.g., participations and assignments). volofin Capital Management maintains a flexible investment strategy, with the capability to provide term loans, deferred draw or revolving credit facilities financing single Aircraft Assets (*as defined herein below under Advisory Services*) or portfolios of Aircraft Assets, including pre-delivery payment financing facilities, freighter conversion funding facilities, and maintenance reserve liquidity facilities, and finance leases.

## Advisory Services

volofin Capital Management currently provides non-discretionary portfolio management and investment advisory services to an insurance company (the “Client”). volofin Capital Management’s Client primarily make investments in (i) senior loans of aviation companies that are secured by commercial passenger and freight aircraft, together with spare engines that power the eligible aircraft (collectively “Aircraft Assets”) that are originated or acquired through participations or assignments (“Aviation Loans”), and (ii) aircraft asset-backed securities, enhanced equipment trust certificates, senior notes, term loans, and other commercial aviation loans, notes and securities acquired at original issuance or in the secondary market (“Aviation Securities”). Aviation Loans and Aviation Securities are collectively referred to herein as “Aviation Investment Assets”.

In the future, volofin Capital Management may provide non-discretionary and/or discretionary portfolio management and investment advisory services (directly or indirectly through a sub-advisory arrangement with the client's primary investment adviser) to institutional accounts or privately offered pooled investment vehicles. The type of Client to which volofin Capital Management provides investment management services is more fully disclosed in volofin Capital Management’s Form ADV Part 1 and summarized in *Item 7 – Types of Clients* of this Brochure. In addition, volofin Capital Management’s investment philosophy, context and process, including portfolio construction are more fully disclosed in *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* of this Brochure.

Pursuant to an investment management agreement, asset management agreement, collateral management agreement or other similar governing agreement (the “Management Agreement”), each Client (or their respective general partner or directors) has engaged volofin Capital Management to provide origination, acquisition, asset management, and other administrative services to each respective Client in accordance with each Client’s respective private placement memorandum, offering memorandum, offering circular, limited partnership agreement, indenture or other similar disclosure and governing documents (collectively, the “governing documents”). volofin Capital Management’s investment advisory services consist of, but are not limited to, managing each Client’s portfolio of investments, including sourcing, selecting, and determining investments for each Client, monitoring investments by each Client and executing transactions on behalf of each Client in accordance with the investment objectives, policies and guidelines set forth in each respective Client’s governing documents. volofin Capital Management’s advisory services primarily consist of (i) examining, identifying and evaluating Aviation Investment Asset opportunities; (ii) structuring, negotiating and making Aviation Investment Assets on behalf of the Client; (iii) managing and monitoring the performance of such Aviation Investment Assets including the underlying Aircraft Asset collateral; and (iv) exiting such Aviation Investment Assets on behalf of the Client. volofin Capital Management’s advisory services to each Client are subject to the specific investment objectives, policies and guidelines set forth in each respective Client’s governing documents.

volofin Capital Management may tailor its advisory services to the individual needs of single investor funds (“SIF”). volofin Capital Management may agree with a SIF to manage such SIF’s assets against a particular benchmark or pursuant to an investment management agreement, which include provisions related to management fees, investment strategy, investment guidelines, termination rights, proxy voting and sub-adviser, if applicable. SIFs should be aware, however, that certain restrictions can limit volofin Capital Management’s ability to act and as a result, the SIF’s performance may differ from and may be less successful than that of other Clients’ accounts managed by volofin Capital Management.

Prospective clients and prospective client investors must consider whether a particular volofin Capital Management advisory relationship is appropriate for their own circumstances based on all relevant factors including, but not limited to, the prospective client's own investment objectives, liquidity requirements, tax situation and risk tolerance. Prospective clients are strongly encouraged to undertake appropriate due diligence including, but not limited to, a review of governing documents relating to the proposed investment program for the SIF and to investigate additional details about volofin Capital Management's investment strategies, methods of analysis and related risks, before making an investment decision or committing to a service provided by volofin Capital Management. See *Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss* of this Brochure for a more detailed discussion on investment strategies and the risks involved with such strategies.

**ALL DISCUSSION OF CLIENTS IN THIS BROCHURE, INCLUDING BUT NOT LIMITED TO ITS INVESTMENTS, THE STRATEGIES USED IN MANAGING THE CLIENTS, AND CONFLICTS OF INTEREST FACED BY VOLOFIN CAPITAL MANAGEMENT IN CONNECTION WITH THE MANAGEMENT OF A CLIENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE RESPECTIVE CLIENT'S GOVERNING DOCUMENTS.**

#### **Wrap Fee Disclosure**

volofin Capital Management does not participate in or sponsor any wrap fee programs.

#### **Regulatory Assets Under Management**

As of December 31, 2021, volofin Capital Management managed approximately \$322,503,415 of advisory assets, of which all were on a non-discretionary basis and none were on a discretionary basis. The SEC has adopted a uniform method for advisers to calculate assets under management for regulatory purposes which it refers to as an adviser's "regulatory assets under management." Regulatory assets under management are generally an adviser's gross assets, *i.e.*, assets under management without deduction for outstanding indebtedness or other accrued but unpaid liabilities. volofin Capital Management reports its regulatory assets under management in Item 5 of Part 1 of Form ADV which you can find at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## Item 5 Fees and Compensation

This Brochure will be delivered only to “qualified purchasers” as defined in Section 2(a)(51)(A) of the Investment Company Act of 1940, as amended (the “1940 Act”). Accordingly, no fee table or fee schedule is included in this Brochure.

In consideration for volofin Capital Management’s advisory and other services, volofin Capital Management and/or certain of its affiliates generally are entitled to receive management fees, and may receive performance allocations (*e.g.*, carried interest or incentive allocations), with respect to the Clients. While the fees and compensation applicable to each Client are described in detail in the applicable governing documents, side letters and/or fee agreements, an overview of volofin Capital Management’s basic advisory fees are summarized below. A potential investor should read and review all governing documents in their entirety before making any investment decisions.

### Advisory Fees

Management Fees: In consideration for its advisory services to the Client, volofin Capital Management receive a “Management Fee.” The specific payment terms and other conditions of the Management Fee available to volofin Capital Management are set forth in the Client’s governing documents and/or fee agreements. The Management Fee is a percent of the Client’s daily average aggregate outstanding principal amount of any Aviation Investment Assets held by the Client, without regard to changes in market value, accrued interest or general or specific loan loss reserves, payable quarterly in arrears. The Management Fee is paid to volofin Capital Management by directly billing the Client. Upon the termination of volofin Capital Management’s Management Agreement with a Client, volofin Capital Management will refund to the Client the pro-rated portion of any Management Fee already received by volofin Capital Management for the period following the effective date of such termination.

volofin Capital Management and its affiliates will benefit from volofin Capital Management’s relationship with and its receipt of Management Fees from a Client. Such Management Fees and relationship will enhance the value of volofin Capital Management, and a Client (other than those Clients holding direct or indirect interests in volofin Capital Management) will not participate in any increase in the value of volofin Capital Management.

A Client has the right to terminate volofin Capital Management’s advisory services in accordance with the terms of the applicable governing documents and/or Management Agreement. Upon termination of such agreement with any Client who has paid in advance, volofin Capital Management will refund to such Client the *pro-rata* portion of any advance payment based on the number of days remaining in the billing period after the date of termination, provided that nothing else was specified in the respective Client’s governing documents and/or Management Agreement.

Although currently not applicable, a Client managed by volofin Capital Management may in the future purchase an interest in another Client managed by volofin Capital Management, provided that the sale or purchase is consistent with volofin Capital Management’s fiduciary obligations to each such Client and that such sale or purchase is consistent with the investment policies, guidelines, and objectives of each such Client’s general investment strategy as per each such Client’s governing documents. Client investors should be aware that, while volofin Capital Management endeavors at all times to act in the best interests of all of its Clients, volofin Capital Management’s receipt of compensation from each of the Clients and



the contribution of additional capital by a Client to another Client may create potential conflicts of interest. In certain circumstances, volofin Capital Management may choose to lower or wave (or rebate back) the Management Fee of a Client investing in another Client by the amount of Management Fees applicable to the Client's investment in such other Client.

### **Underwriting and Origination Fees**

volofin Capital Management underwrites and originates Aviation Investment Assets, some or parts of which will be acquired by Clients and others of which will be retained by volofin Capital Management and its affiliates (including, but not limited to, Clients affiliated with or managed by volofin Capital Management) or sold to others. Typically, volofin Capital Management receives and retains for itself compensation from the related Aviation Investment Asset obligors or transaction sponsors (*i.e.*, each borrower or guarantor of a loan) or otherwise receives fees or compensation in connection with such loans. Fees and compensation retained by volofin Capital Management include, but are not limited to, upfront and structuring fees, commitment, origination, syndication, monitoring, agent and/or other fees for services provided by volofin Capital Management in connection with such Aviation Investment Assets. Such fees or compensation are not typically expected to be offset by volofin Capital Management against Management Fees paid by any Clients for investment advisory and management services.

volofin Capital Management's receipt of fees for services with respect to Aviation Investment Assets that could be offered to or acquired by Clients represents a conflict of interest to the extent that volofin Capital Management has an economic incentive to underwrite and originate, and recommend or cause Clients to invest in, such Aviation Investment Asset. volofin Capital Management seeks to mitigate this conflict through its written allocation policy that does not permit volofin Capital Management to make allocation decisions on the basis of whether or not a particular Client permits volofin Capital Management to retain fees.

### **Other Fees and Expenses**

Each Client, subject to its governing documents, will typically pay or otherwise bear all of the direct and indirect fees, costs, expenses and other liabilities or obligations resulting from or arising in connection with its operations (collectively, the "Operating Expenses"). The Operating Expenses of a particular Client are set forth in its governing documents and/or through side letters and may include, without limitation, the following fees, costs and expenses related to or arising from: investment expenses (*i.e.*, expenses that volofin Capital Management reasonably determines to be related to the acquisition, holding and disposition of the Client's Aviation Investment Assets, such as due diligence expenses, brokerage fees and commissions, expenses relating to clearing and settlement charges, custodial fees, bank service fees, interest expenses, taxes and expenses related to proposed Aviation Investment Assets that are not consummated), Aviation Investment Assets-related travel expenses, insurance expenses, legal expenses, professional fees (including, without limitation, expenses of consultants and experts) relating to Aviation Investment Assets, indemnification expenses of the Client, investor communication expenses, all unreimbursed out-of-pocket expenses of the Client relating to unconsummated transactions (including legal, accounting and consulting expenses), legal expenses, internal and external accounting expenses (including the cost of accounting software packages), auditing expenses, fees relating to the preparation of financial and tax reports, investor reports, portfolio valuations and tax returns of the Client, fees and expenses of any administrator or other service provider to the Client, interest, fees and expenses arising out of all permitted borrowings made by the Client, clearing and settlement charges, bank services fees, the costs of any litigation or threatened litigation, director or officer liability or other insurance and indemnification or extraordinary expense or



liability relating to the affairs of the Client, all costs and expenses incurred in connection with the dissolution, liquidation and winding-up of the Client or any Aviation Investment Asset, any sales or other taxes, fees or other governmental charges levied against the Client and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Client, costs and expenses (including travel-related expenses) of hosting annual or special meetings for the Client's investors, or otherwise holding meetings or conferences with investors, expenses of the Client's advisory board (including the costs of any counsel or other advisors engaged by the Client's advisory board) and all other expenses of the Client.

All fees, costs and expenses incurred by volofin Capital Management's employees for travel, accommodations, meals, events, entertainment and other similar fees, costs and expenses are subject to volofin Capital Management's Travel & Expense Reimbursement Policies.

Not all Clients will be subject to the same fees, costs and expenses. The Operating Expenses listed above may vary from Client to Client and not all Clients will be subject to the same Operating Expenses. Please reference the applicable Client's governing documents for additional information regarding such Operating Expenses. Similarly, a Client may also seek to negotiate terms, including fees and expenses payable to volofin Capital Management, through the negotiation of the applicable governing documents or through side letters and/or fee agreements.

*Allocation of Expenses:* volofin Capital Management and its affiliates from time to time incur fees, costs and expenses on behalf of more than one Client or multiple Clients. To the extent such fees, costs and expenses are incurred for the Client or benefit of more than one Client, each Client will typically bear an allocable portion of any such fees, costs, and expenses generally in proportion to the size of its investment in the activity or entity to which the expense relates (subject to the terms of each Client's applicable governing documents) or in such other manner as volofin Capital Management considers fair and equitable under the circumstances. volofin Capital Management endeavors to allocate such fees, costs and expenses on a fair and equitable basis over time.

### **Sales-Based Compensation**

Neither volofin Capital Management nor any of its supervised persons accepts compensation for the sale of securities or other investment products. This practice presents a conflict of interest and gives volofin Capital Management or its supervised persons an incentive to recommend investment products based on the compensation received, rather than on a particular Client's needs.

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

Currently, volofin Capital Management does not charge, nor receive, any performance-based fees (*e.g.*, carried interest or incentive fees) in connection with the management of Clients' portfolios. In the event volofin Capital Management should charge any performance-based fees in the future, such performance-based fees would be structured to comply with Section 205(a)(1) of the Advisers Act, in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3, which requires that performance-based fees only be charged to "qualified clients" as defined in Rule 205-3(d)(1) of the Advisers Act.

## Item 7 Types of Clients

As discussed in Item 4 of this Brochure, volofin Capital Management currently provides non-discretionary portfolio management and investment advisory services to an insurance company. In the future, volofin Capital Management may provide non-discretionary and/or discretionary portfolio management and investment advisory services (directly or indirectly through a sub-advisory arrangement with the client's primary investment adviser) to institutional accounts or privately offered pooled investment vehicles.

### **Minimums**

For new accounts volofin Capital Management generally requires \$50 to \$100 million to establish an advisory relationship.

volofin Capital Management may waive or reduce these requirements in its discretion and reserves the right to decline any account in its sole discretion. volofin Capital Management also reserves the right to close any account which falls below the minimum requirements to establish an account due to Client activity or as a result of market movement. Smaller-sized accounts may not receive or be able to fully implement volofin Capital Management's investment recommendations for a particular strategy depending on the price of securities and the size of the accounts.

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

### **Methods of Analysis and Investment Strategies**

volofin Capital Management provides portfolio management and investment advisory services for its Clients, and originates, manages and securitizes Aviation Investment Assets for Clients. volofin Capital Management and its investment professionals evaluate each opportunity relative to defined credit policies and guidelines which have been established and refined based on lessons learned over twenty-five plus (25+) years.

Private structured credit is an alternative to traditional financing channels with a focus on providing tailored capital solutions to counterparties. volofin Capital Management's investment team has relationships that enable early identification of investment themes and proactive sourcing of investment opportunities. volofin Capital Management seeks to apply a highly analytical approach to asset analysis and cash flow modeling to inform bespoke structuring, with a primary emphasis on downside protection and when possible incorporating upside optionality.

volofin Capital Management targets Aviation Investment Assets that are secured by Aircraft Assets. The Aviation Loan transactions will include term loans, deferred draw or revolving credit facilities financing single Aircraft Assets or portfolios of Aircraft Assets (including pre-delivery payment financing facilities, freighter conversion funding facilities, and maintenance reserve liquidity facilities), and finance leases.

volofin Capital Management positions itself as a capital solutions provider for Aircraft Assets originated or serviced by operating and servicing teams with limited access to funding through traditional channels. volofin Capital Management seeks to identify thematic investment strategies, develop replicable transaction structures and deploy capital to scale over time. volofin Capital Management sources and underwrites investments with the intention to scale, but initial transactions often start relatively small. volofin Capital Management believes that this bespoke, flexible funding approach will encounter less competition for the investments targeted by the Clients.

In connection with each Aviation Investment Asset and in accordance with each respective Client's governing documents, volofin Capital Management reviews information provided by transaction sponsors, borrowers and other relevant sources, including third-party aviation industry technical advisers and appraisers, and conducts a comprehensive due diligence review of each potential transaction that passes an initial screening process administered by volofin Capital Management. volofin Capital Management's transaction due diligence reviews, which will vary depending on the particular transaction and the related obligor, typically include the general assessment of market conditions and due diligence materials reviewed by volofin Capital Management, an assessment of the credit risks relating to borrower / sponsor, airline, the Aircraft Asset(s) and applicable collateral, the jurisdiction(s) and transaction structure, including, the advance level (loan-to-value), amortization profile, balloon and other terms of the loan, relevant covenants or triggers, and a summary of variances to established guidelines.

volofin Capital Management has developed proprietary analytical tools, that establish ratings for the different risk components of the individual transactions based on an assessment of the airline credit, collateral, jurisdictional risk and transaction structure.

- The Aircraft Asset Model provides an assessment of the unique cash flow expectations related to lease payment and maintenance events, and measures the initial maintenance adjusted value and

ongoing value of the Aircraft Asset, including future residual values and potential lease related payment obligations at the maturity of the loan.

- The Airline Credit Model establishes a measure of default probability based on certain quantitative and qualitative variables, including financial and operational information, fleet data, together with certain jurisdictional variables that have been known to impact performance (e.g., gross domestic product (“GDP”) trends, overall market traffic and capacity trends, foreign exchange fluctuations, etc.).
- The Aircraft Asset Collateral Model establishes a rating for individual Aircraft Assets and contributes towards the assessment of loss-given-default estimates, based on certain key variables (e.g. airline and regional distribution, value volatility trends, storage levels, etc.) This rating factor contributes towards the overall assessment of the loss-given-default measure.
- The Jurisdictional Risk Model establishes a rating for the applicable jurisdiction based on data sources from multiple sources in order to assess (a) the financial and economic dynamics for a specific jurisdiction, and (b) the legal and political environment, and potential for corruption risk, which will influence the ability to promptly repossess and export an Aircraft Asset (e.g. deregistration process, local insolvency laws, and history of enforcing judgments). This rating factor is utilized to assess the overall probability of default (as part of the airline credit score) and also contributes towards the assessment of the loss-given-default measure.
- The Transaction Structure Model establishes a rating based on the assessment of certain key transaction variables (e.g., initial loan-to-value (“LTV”), amortization profile, residual / balloon risk at maturity, sources of repayment, existence of cross-default or cross-collateralization, full-recourse or limited-recourse structure, and an assessment of the underlying servicer). This rating factor contributes towards the overall assessment of the loss-given-default measure.

volofin Capital Management employs an investment approach based on fundamental asset risk analysis, credit and relative value analysis, along with active portfolio management. volofin Capital Management focuses on building a diversified, lower volatility portfolio with high recovery rates in the event of default. Regular reviews of airline risk, Aircraft Asset values and jurisdictional trends are conducted by volofin Capital Management and portfolio guidelines are set or adjusted as appropriate.

### **Risk of Loss**

Clients should be aware that mandates are limited to certain types of Aviation Investment Assets and are not diversified. volofin Capital Management does not intend to provide a complete investment program for investors and volofin Capital Management expects that the Aviation Investment Assets it manages will not represent all of an investor’s assets. volofin Capital Management’s specialized investment approach involves a substantial degree of risk that Clients must be prepared to bear. volofin Capital Management’s advisory services are not suitable for every investor; they are intended only for sophisticated investors who can understand and accept the risks associated with investments in Aviation Investment Assets, including the partial or total loss of such investment.

***Political, Social and Economic Uncertainty Risks.*** The aviation industry is highly sensitive to changes in global economic conditions and political developments, and accordingly, unfavorable global macroeconomic trends, or the uncertainty caused by significant political events, could have a material adverse effect on the volofin Capital Management’s business and its Clients. Social, political, economic and other conditions and events (such as natural disasters, epidemics and pandemics, terrorism, conflicts

and social unrest) will occur that create uncertainty and have significant impacts on issuers, industries, governments and other systems, including the financial markets, to which Clients or borrowers are exposed. As global systems, economies and financial markets are increasingly interconnected, events that once had only local impact are now more likely to have regional or even global effects. Events that occur in one country, region or financial market will, more frequently, adversely impact issuers in other countries, regions or markets, including in established markets such as the United States. These impacts can be exacerbated by failures of governments and societies to adequately respond to an emerging event or threat.

Uncertainty can result in or coincide with, among other things: increased volatility in the loan, securities, derivatives and currency markets; a decrease in the reliability of market prices and difficulty in valuing assets (including Aviation Investment Assets); greater fluctuations in spreads on debt investments and currency exchange rates; increased risk of default (by both government and private obligors and issuers); further social, economic, and political instability; nationalization of private enterprise; greater governmental involvement in the economy or in social factors that impact the economy; changes to governmental regulation and supervision of the loan, securities, derivatives and currency markets and market participants and decreased or revised monitoring of such markets by governments or self-regulatory organizations and reduced enforcement of regulations; limitations on the activities of investors in such markets; controls or restrictions on foreign investment, capital controls and limitations on repatriation of invested capital; the significant loss of liquidity and the inability to purchase, sell and otherwise fund investments or settle transactions (including, but not limited to, a market freeze); unavailability of currency hedging techniques; substantial, and in some periods extremely high, rates of inflation, which can last many years and have substantial negative effects on credit and securities markets as well as the economy as a whole; recessions; and difficulties in obtaining and/or enforcing legal judgments.

For example, in late 2019 and early 2020, a novel coronavirus (SARS-CoV-2) and related respiratory disease (COVID-19) emerged in China and spread rapidly across the world. This outbreak has led and for an unknown period of time will continue to lead to disruptions in local, regional, national and global markets and economies affected thereby. With respect to the market for Aviation Investment Assets, this outbreak has resulted in, and until fully resolved is likely to continue to result in, the following among other things: (i) government imposition of various forms of “stay at home” orders and the closing of “non-essential” businesses resulting in significant disruption to the businesses of many airlines, aircraft lessors and aviation investors, including both supply chains and demand, and in lay-offs of employees, which effects are hoped to be temporary but may be permanent for some of these businesses; (ii) increased draws by borrowers on revolving lines of credit; (iii) increased requests by borrowers for amendments and waivers of their lease agreements and credit agreements to avoid default, increased defaults by such borrowers and/or increased difficulty in obtaining refinancing at the maturity dates of their loans; (iv) volatility and disruption of the loan market including greater volatility in pricing and spreads and difficulty in valuing loans during periods of increased volatility, and liquidity issues; (v) decrease in the value of Aircraft Assets securing Aviation Investment Assets, and (vi) rapidly evolving proposals and/or actions by state and federal governments to address problems being experienced by the markets and by businesses and the economy in general which may or may not adequately address the problems facing the loan market and aviation industry. The airlines, aircraft lessors and aviation investment firms that are borrowers on the loans in which Clients invest are being significantly impacted by these emerging events and the uncertainty caused by these events. Clients will be impacted if, among other things, (i) amendments and waivers are granted (or are required to be granted) to borrowers permitting deferral of lease and loan payments, (ii) airlines or aircraft lessors which default on their loans, are unable to refinance their loans at maturity, or go out of business permanently, and/or (iii) the value of loans held by Clients decreases as a result of such events and the uncertainty they

cause. There can be no assurance that such emerging events will not cause a Client to suffer a loss of any or all of its investments or interest thereon.

Each of the Risks of Loss in this *Item 8* of this Brochure is subject to these Political, Social and Economic Uncertainty Risks, and should be reviewed and analyzed in light of these risks and uncertainties.

**Issuer Risk.** An issuer of Aviation Investment Assets in which a Client invests or to which it has exposure may perform poorly or below expectations, and therefore, the value of its securities may decline, which may negatively affect a Client's performance. Underperformance of an issuer may be caused by poor management decisions, competitive pressures, breakthroughs in technology, reliance on suppliers, labor problems or shortages, corporate restructurings, fraudulent disclosures, natural disasters, military confrontations, war, terrorism, disease/virus epidemics or other events, conditions and factors.

**Terrorism, War, Natural Disaster and Epidemic Risk.** Terrorism, war, military confrontations and related geopolitical events (and their aftermath) have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on U.S. and world economies and markets generally. Likewise, natural and environmental disasters, such as, for example, earthquakes, fires, floods, hurricanes, tsunamis and weather-related phenomena generally, as well as widespread disease and virus outbreaks, epidemics and pandemics, have been and can be highly disruptive to economies and markets, adversely affecting individual companies, sectors, industries, markets, currencies, interest and inflation rates, credit ratings, investor sentiment, and other factors affecting the value of a Client's investments. Given the increasing interdependence among global economies and markets, conditions in one country, market, or region are increasingly likely to adversely affect markets, issuers, and/or foreign exchange rates in other countries, including the U.S. These disruptions could prevent a Client from executing advantageous investment decisions in a timely manner and negatively impact a Client's ability to achieve its investment objectives. Any such event(s) could have a significant adverse impact on the value and risk profile of a Client portfolio.

For example, the Russia/Ukraine War has had, and may continue to have, a material adverse impact on the airline industry; and any expanded conflict in the region may materially harm the airline industry and the value and risk profile of a Client portfolio.

The invasion of Ukraine by Russia and the resulting geopolitical crisis (the "Russia-Ukraine War") has resulted in a significant decrease in travel in the European region and has also impacted airline traffic and operations throughout the world, including the operations of airlines, lessors and lessees of aircraft and aircraft manufacturers and suppliers. Part of the decrease in travel has been caused by governmental authorities around the world, particularly in Europe and Russia, implementing sanctions, restrictions and other measures to limit or prohibit flights to and from Russia, as well as reciprocal bans introduced by governmental authorities on certain foreign registered, owned or chartered aircraft operating in its domestic airspace. These measures may escalate, remain in place, or be re-instituted on and off, for a prolonged and unpredictable amount of time and may depend on the progress, resolution, escalation or de-escalation of the Russia-Ukraine War.

The reciprocal bans implemented by governmental authorities in response to the Russia-Ukraine War limiting or prohibiting certain foreign registered, owned or chartered aircraft operating in its domestic airspace may cause affected airlines to alter their operations and flight routes in a manner which adversely impacts their profitability and could materially and negatively harm the business and operations of borrowers and the underlying lessees, which could negatively affect the borrowers' ability to pay interest



on and principal of the Aviation Investment Assets in full or on a timely basis, consequently adversely affecting the value and profile of a Client portfolio.

The impact of the Russia-Ukraine War on the commercial airline industry is difficult to predict but in other circumstances which resulted in governmental authorities around the world implementing sanctions, restrictions and other measures to limit or prohibit travel, many airlines throughout the world avoided insolvency or similar proceedings solely or in large part as a result of governmental assistance and there is no assurance that governmental assistance will be available to mitigate the impact of reduced travel resulting from the war fears, particularly if the industry downturn continues. The severe effects a prolonged war may have on certain borrowers and underlying lessees could negatively affect the borrowers' ability to pay interest on and principal of the Aviation Investment Assets in full or on a timely basis, consequently adversely affecting the value and profile of a Client portfolio.

All of the foregoing could have a negative impact on the performance of the underlying lessees and, in turn, the borrowers' liquidity and ability to make payments when due. The potential expansion of the Russia-Ukraine War and increased turmoil in the Eastern European region can contribute to regional or global economic downturns and potential political and security problems, which could have wide ranging effects and could materially and negatively harm the business and operations of the borrowers and the underlying lessees, which could negatively affect the borrowers' ability to pay interest on and principal of the Aviation Investment Assets in full or on a timely basis, consequently adversely affecting the value and profile of a Client portfolio.

The Russia-Ukraine War has caused a number of countries to impose severe sanctions on Russian based airlines, and led to owners of aircraft based in Russia to terminate leases and call for return of aircraft, which has had, and may continue to have, a materially adverse impact on the airline industry and on the borrowers' businesses; and any expanded sanctions directed at other countries supporting Russia's efforts may materially harm the airline industry and the borrowers' businesses.

The Russian-Ukraine War and the resultant sanctions prohibiting the sale, supply (including by way of leasing), transfer or export of commercial aircraft, engines or parts to Russian entities or persons or for use in Russia has caused certain owners and financiers of aircraft to call for termination of leases and financing arrangements and a return of the aircraft. If such actions are successful, they could lead to over 500 aircraft currently operated by Russian based airlines to enter the market and cause a material over-supply of aircraft being introduced into the market at a time when demand is low.

Such over-supply of aircraft could lead to material declines in lease rates and aircraft values, could negatively affect the borrowers' ability to pay interest on and principal of the Aviation Investment Assets in full or on a timely basis, consequently adversely affecting the value and profile of a Client portfolio.

The severe sanctions imposed on Russia, including restrictions on the sale, supply (including by way of leasing), transfer or export of commercial aircraft, engines or parts to Russian entities or persons or for use in Russia and the inability of aircraft manufacturers, aircraft parts manufacturers, and maintenance repair organizations from selling parts or offering services to Russian entities or persons, have led certain aircraft registration authorities (such as Bermuda and Ireland) to remove the certificates of airworthiness from Russian based aircraft registered on their respective registries. This in turn has resulted in the Russian authorities permitting the registration of such aircraft on the Russian aircraft registry, which has had, and may continue to have, a materially adverse impact on the airline industry and on the borrowers' businesses. There is also a possibility that some aircraft may be confiscated.

In response to sanctions imposed by, amongst others, governmental authorities in the US, the EU and the UK restricting or prohibiting the sale, supply (including by way of leasing), transfer or export of commercial aircraft, engines or parts to, and to the removal of certificated of airworthiness from Russian based aircraft registered on non-Russian aircraft registries (such as Bermuda and Ireland), it is reported that the Russian governmental authorities have passed laws and regulations intended to permit Russian entities or persons to continue flying such aircraft by permitting such aircraft to be re-registered on Russia's aircraft register. Such action may be considered confiscation or seizure of an aircraft which may or may not be a risk for which lessors or financiers of commercial aircraft have appropriate insurance cover.

The circumvention of international treaty or convention obligations relating to the registration and nationality of, and ownership and property rights in and to, aircraft (including the Cape Town Convention) which Russian governmental authorities has previously implemented may make it more difficult for aircraft owners and financiers to repossess affected aircraft in the event of a default under leasing and financing arrangements. In the event that governmental authorities in other jurisdictions where Aircraft Assets are registered took similar action to avoid international treaty or convention obligations it may make repossession of such Aircraft Assets from an underlying lessee that is in default more difficult, which may result in Aircraft Assets being grounded for significant periods of time without the applicable owner or financier holding the security interest (or, to the extent applicable, the security trustee under the applicable Aviation Loan), being able to take possession of such Aircraft Assets.

Any and all such effects could have an adverse effect on the recovery of sums owed under an Aviation Investment Asset, which in turn could affect the value and profile of a Client portfolio.

***Legal, Regulatory and Tax Risks.*** Legal, tax and regulatory changes in the U.S. and outside the U.S. could occur and adversely affect Clients and volofin Capital Management. The regulatory environment for investment vehicles is evolving, and changes in such regulation may adversely affect the value of Aviation Investment Assets held by Clients. In addition, the financial markets are subject to comprehensive statutes, regulations, and margin requirements. The SEC, other regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. Legal, tax, and regulatory changes, as well as judicial decisions, could adversely affect the implementation of volofin Capital Management's investment strategy. Alternatively, new U.S. or non-U.S. rules or legislation regulating Clients or volofin Capital Management are likely to be adopted, and the possible scope of any rules or legislation is unknown. There can be no assurances that Clients or volofin Capital Management will not in the future be subject to regulatory review or discipline. The effect of any regulatory changes or developments on Clients or the financial markets will be expected to affect the manner in which volofin Capital Management performs its advisory services. The effect of any future regulatory change could be substantial and adverse and is beyond the control of volofin Capital Management.

***Dependence on volofin Capital Management Professionals.*** The success of Clients' investment programs depend on the ability of volofin Capital Management to originate Aviation Investment Assets and to perform credit underwriting due diligence when sourcing Aviation Investment Assets on behalf of, or recommending Aviation Investment Assets to be acquired by Clients and to manage, leverage (if applicable), securitize and dispose of such Aviation Investment Assets, as appropriate. There can be no assurance that volofin Capital Management will continue to originate and source Aviation Investment Assets of equal or better quality than those originated and sourced by it in the past.

volofin Capital Management has access to personnel who are also employees of vCML. In providing services through volofin Capital Management, such shared personnel are supervised by volofin Capital

Management and subject to volofin Capital Management's compliance policies and procedures, including its Code of Ethics, the Advisers Act and the rules thereunder, and other applicable state and federal securities laws. There can be no assurance that the current professionals will continue to serve in their current positions, continue to be employed by volofin Capital Management or be made available to volofin Capital Management or continue to be shared personnel or authorized persons of volofin Capital Management and vCML. The loss of one or more of such officers or personnel could have a material adverse impact on Clients. Clients are not direct beneficiaries of any employment or personnel sharing arrangements between volofin Capital Management and vCML, and their respective employees or shared personnel, as applicable, which arrangements are in any event subject to change without notice to, or the consent of, Clients.

***Dependence on Key Personnel.*** The success of the Clients will be highly dependent on the financial and managerial expertise of the Principals. The governing documents for certain Clients contain provisions addressing the departure of one or more of the Principals, including terms whereby the Client's investment period ends upon the departure of certain Principals. Moreover, it may be the case that management agreements with key person provisions can be terminated in the event of certain key person departures. The loss of, or reduction of service by, one or more of the Principals could have a material adverse effect on the performance of the Clients and on the Clients' ability to achieve their investment objectives. Although the Principals have committed, and will continue to commit, business efforts to volofin Capital Management and the Clients, volofin Capital Management and the Principals do not intend, and are not required, to devote all of their time to any particular Client's affairs. The Principals will be under no contractual obligation to remain with volofin Capital Management for the term of any specific Client. As a result, the ability of the Clients to carry on their activities successfully will be dependent upon the skill and experience of the remaining Principals.

***Servicers and Asset Managers.*** In connection with certain Aviation Investment Assets, Clients will rely on an underlying asset manager or servicer to manage the Aircraft Assets (including project management tasks relating to conversions of passenger aircraft to freighter aircraft, remarketing, placement and /or sale of Aircraft Assets upon lease return or repossession, etc.). If an asset manager breaches its servicing agreement or otherwise fails to perform its responsibilities adequately, the Clients will be adversely affected. In addition, given the specialized nature of these service providers, they are difficult to replace if needed and transfers of servicing could cause a disruption of cash flow relating to the Aviation Asset Investment.

The value of a Client's Aviation Asset Investments may be dependent on the satisfactory performance of servicing obligations by a servicer. If a servicer is unable to perform all of its obligations, it could result in reductions or delays in the payments on certain Aviation Investment Assets. It is possible that the resignation or termination of a servicer and the transfer of the rights, duties and obligations of such servicer to a new servicer could adversely affect the servicing of Aviation Investment Assets held by the Clients. For example, transfers of servicing involve the risk of disruption in collections due to data input errors, misapplied or misdirected payments, system incompatibilities and other reasons. If such a transfer were to take place, the rate of delinquencies and defaults on the Aviation Investment Assets could increase, resulting in reductions or delays in the payments on the Clients' investments.

***Inability to Acquire and/or Maintain a Portfolio of Loans Consistent with a Client's Investment Criteria; Reserves; Uninvested Cash.*** volofin Capital Management might not always be able to acquire and/or maintain a portfolio of Aviation Investment Assets that satisfies a Client's investment criteria and expected portfolio profile due to, among other factors, market conditions and the availability of suitable Aviation

Investment Assets for allocation to the Client, which could affect the returns of the Client. Reduced liquidity, relatively lower volumes of origination or trading in Aviation Investment Assets, increased competition for Aviation Investment Assets and the reduction, if any, of amounts of Aviation Investment Assets available for allocation to the Client, in addition to restrictions on investment under the governing documents, could result in periods of time during which a Client is not able to directly or indirectly fully invest in Aviation Investment Assets or during which the Aviation Investment Assets available for investment will not be of comparable quality. Additionally, in many cases, volofin Capital Management will create, accrue and fund reserves with respect to a Client for known or contingent liabilities, or for other reasons, in such amounts as the Adviser deems necessary or appropriate in its reasonable sole discretion. To the extent a Client maintains cash balances or reserves or holds amounts in temporary investments instead of investing in higher yielding Aviation Investment Assets, for the foregoing reasons or due to other causes (which are difficult to predict), income from the Client's portfolio of Aviation Investment Assets will be reduced which will result in reduced return on investment. In addition, temporary investments could also suffer losses and any expenses associated with such temporary investments could exceed returns on those investments.

***Aviation Investment Assets.*** Aviation Loans and Aviation Securities are generally used to acquire or otherwise finance Aviation Assets. Although Aviation Investment Assets will typically be secured by collateral, there can be no assurance that such collateral could be readily liquidated or that the liquidation of such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal. Such collateral may be subject to complex, competing legal claims. In addition, the security granted in respect of such Aviation Investment Asset may be unperfected for a variety of reasons, including the failure to make required filings by lenders, and other creditors may have priority over such Aviation Investment Assets. Aviation Investment Assets generally provide for restrictive covenants designed to limit the activities of the obligors thereunder in an effort to protect the rights of lender or investor to receive timely payments of interest on, and repayment of, principal of the loans or securities. There can be no assurance that borrowers will comply with such covenants.

In the event the borrower defaults, a Client's access to the collateral (e.g., Aircraft Assets) may be limited or delayed by bankruptcy or other insolvency laws. In addition, if an Aviation Loan is foreclosed, a Client holding the loan would likely bear the costs and liabilities associated with owning and disposing of the Aircraft Assets. The Aircraft Assets may be difficult to sell and the Client would bear the risk that the Aircraft Assets may decline in value while the Client is holding it.

***Prepayment and Extension Risk.*** Prepayments on Aviation Investment Assets are caused by a variety of factors which are often difficult to predict. In many instances the potential prepayment penalty or make-whole premiums will be insufficient to mitigate the risk, consequently, there exists a risk that Aviation Investment Assets purchased at a price greater than par will experience a capital loss as a result of such a prepayment. In addition, Aviation Investment Assets that include excess cash flow capture and other mandatory prepayment provisions, can result in accelerated amortization. If volofin Capital Management is delayed in reinvesting, or unable or not permitted to reinvest, payments or other proceeds from such Aviation Investment Assets in Aviation Investment Assets with comparable interest rates, Clients will be adversely affected. volofin Capital Management cannot predict the actual rate of prepayments, accelerated amortization or defaults which will be experienced.

***Risks Related to Ratings.*** volofin Capital Management will perform its own independent credit analysis but will also take rating agency assessments into consideration in reaching its judgments concerning Aviation Investment Assets. Credit ratings of borrowers represent the opinions of the rating agencies

regarding the likelihood of payment of certain obligations when due but are not a guarantee of the creditworthiness of obligors or the repayment of (or payment of interest on) a credit obligation. In addition, rating agencies may not make timely changes to credit ratings in response to evolving events, so that the financial condition of an obligor at any given time will be better or worse than what the current rating indicates. Therefore, the ratings assigned to a borrower or its loan by a rating agency may not fully reflect the true risks of holding an Aviation Investment Asset in a Client portfolio.

***Unrated and Non-Investment Grade Debt Instruments.*** The Aviation Investment Assets purchased by the Clients may include Aviation Loans and Aviation Securities that are either unrated or rated below investment grade. These securities may be purchased at original issue or in the secondary market and may be privately negotiated or part of a broad capital market syndication. Aviation Investment Assets may be secured obligations issued by an obligor rated below investment grade. The yields and prices of lower-rated securities may tend to fluctuate more than those for higher-rated securities. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may be a contributing factor in a decrease in the value and liquidity of these securities. Overall adverse conditions in the high-yield bond markets may adversely affect such issuers by inhibiting their ability to refinance their debt at maturity. Such Aviation Investment Assets are considered a higher risk than other types of investments because historically they have experienced a higher default rate than other asset classes. As a result, there can be no assurance that the ultimate recovery on a defaulted Aviation Investment Asset will not result in a capital loss, adversely affecting a Client portfolio.

***Investments in Undervalued Securities and Loans.*** The Clients may invest in undervalued Aviation Investment Assets (“Distressed Aviation Investment Assets”). The identification of investment opportunities in “Distressed Aviation Investment Assets” is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in Distressed Aviation Investment Assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Clients’ investments may not adequately compensate investors for the risks assumed. An investor should be aware that it may lose all or part of its investment in the Clients. The Clients may be forced to sell, at a substantial loss, Aviation Investment Assets that are not, in fact, undervalued. In addition, the Clients may be required to hold such assets for a substantial period of time before realizing their anticipated value. During this period, a portion of the Clients’ funds would be committed to the Aviation Investment Assets purchased, possibly preventing the Clients from investing in other opportunities.

***Credit Risks of Aviation Investment Assets.*** In general, the Client’s Aviation Investment Assets will expose it (directly or indirectly) to “credit risk,” because debt securities are subject to credit risk. “Credit risk” refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument and how this risk changes over time. Financial strength and solvency of an issuer and the priority of the lien are the primary factors influencing credit risk. In addition, lack of or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Certain of the Aviation Investment Assets may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk for extended periods or until the maturity of the investment. In addition, certain instruments in certain circumstances may provide for payments-in-kind interest, which has a similar effect of deferring current cash payments.

Changes in the actual or perceived creditworthiness of an issuer, factors affecting an issuer directly (such as decline in market demand, competitive pressures, management changes, labor relations, or material changes in cost structure), factors affecting the aviation industry, and changes in general social, economic



or political conditions can increase the risk of default by an issuer, which may affect an Aviation Investment Asset's credit quality or value. Entities providing credit or liquidity support also may be affected by these types of changes.

***Risks Associated with Bankruptcy Cases.*** Bankruptcy cases are adversarial and may be lengthy. While creditors generally are afforded an opportunity to object to significant actions in bankruptcy proceedings, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of Clients. Reorganizations can involve substantial legal, professional and administrative costs, are subject to unpredictable and lengthy delays and, during the reorganization process, the value of collateral (Aircraft Assets) may erode. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain. While volofin Capital Management generally favors jurisdictions where it believes the rule of law is clear, well-developed and respected, there can be no assurance that the outcome of bankruptcy or insolvency proceedings, particularly in jurisdictions outside the U.S., will result in a favorable outcome.

Over the past decade, multiple airlines have sought to reorganize and seek protection from creditors under their local laws. Bankruptcies have led to the grounding of a significant number of aircraft, rejections of leases and loans, and negotiated reductions in aircraft lease rentals and loan payments, with the effect of depressing aircraft market values or value of Aircraft Investment Assets. Additional reorganizations or liquidations by airlines under applicable bankruptcy or reorganization laws or further rejection or abandonment of aircraft and aircraft leases by airlines in bankruptcy proceedings may result in large numbers of aircraft becoming available for lease or purchase at reduced lease values or acquisition prices and reduce the number of potential lessees and operators of particular models of aircraft, either of which may result in inflated supply levels and consequently depress Aircraft Asset values.

***Use of Leverage.*** Clients may borrow money or otherwise incur leverage in connection with the acquisition or financing of Aviation Investment Assets and most often such borrowed money is secured by liens and security interests in such Client portfolios, as collateral. While the use of leverage can potentially increase profits, it can also result in an increased risk of loss and increased volatility to the Client due to possible margin calls, events of default, adverse fluctuations in interest rates, downturns in the leveraged loan market or the economy and the possible inability to refinance such debt when it matures or liquidate the related loan portfolio for an amount sufficient to pay such debt and return capital and/or profits to the Client or its investors. Any such event or any other event that adversely affects the value of a Client's direct or indirect investment in its Aviation Investment Asset portfolio could result in a substantial loss to the Client and its investors which would be greater than if such Client's account was not subject to leverage. Interest or similar costs associated with such leverage will be a direct or indirect expense of the related Client, and, to the extent not covered by net returns attributable to the Aviation Investment Assets, will cause the returns of such Clients to be lower than if they have not used leverage. Interest or similar costs associated with leverage could be based on one or more interest rate indices, which can be different from the interest rate indices applicable to the assets supporting such leverage. Any such mismatch will not necessarily be hedged. If an event of default occurs under the related facility, the lenders or other counterparties to the facility (or some designated portion or agent thereof) would be able to exercise remedies with respect thereto including but not limited to the liquidation of or taking title to the collateral for such facility which will terminate the rights thereto of the Client and could result in a full or partial loss of the Client's direct or indirect investment therein.

***Illiquid Assets.*** Aviation Loans and Aviation Securities acquired and owned by Clients are generally deemed to be illiquid assets for which no ready market of purchasers exists and often are subject to transfer

restrictions and are not publicly traded. Clients' investments in illiquid assets could reduce their ability to dispose of such assets in a timely fashion and for a fair price. Illiquid assets typically trade at a discount from comparable, more liquid investments. As a result, many Aviation Investment Assets will be directly or indirectly held by Clients to their maturity. As a result, investments should be viewed as long-term and, even if they prove successful, are unlikely to produce realized returns for a number of years.

***Diversification.*** While volofin Capital Management expects to recommend or acquire and maintain, as applicable, a diversified portfolio of Aviation Investment Assets for each Client, there is no guarantee that it will be able to do so and it is not anticipated that any Client will be diversified across asset classes other than Aviation Investment Assets. It is possible that a relatively substantial portion of a Client's capital could be invested in one or a small group of Aviation Investment Assets and/or cash or temporary investments, particularly as a Client's portfolio is ramping up or winding down. Unfavorable performance by one or more of such Aviation Investment Assets could have a substantial adverse economic impact on the Client and the holding of cash or investment of cash in temporary investments for a longer period of time than initially contemplated could have an adverse economic impact on the Client's rate of return objectives.

***Concentration Risk.*** Concentration in a Client's portfolio of Aviation Investment Assets to a limited number of underlying loan obligors or of Aviation Investment Assets in a limited number of jurisdictions or with a limited type of Aircraft Asset securing such Aviation Investment Assets could impair the Client's portfolio if the underlying obligors, or jurisdictions were to experience economic difficulties or if the Aircraft Assets collateralizing the Aviation Investment Assets were to fall out of favor in the market. As a result, obligors could default on their Aviation Investment Assets, and the Client could be unable to recover the full amount owed on such Aviation Investment Assets. Under such circumstances Clients might not realize their rate of return objectives and could suffer losses.

***Participation on Creditors' Committees and Lender Liability.*** Representatives of volofin Capital Management sometimes participate on committees formed by creditors to negotiate with loan obligors in connection with Aviation Investment Asset restructurings or bankruptcies. There can be no assurance that such representatives would be successful in obtaining results most favorable to a particular Client in connection with such negotiations and significant legal fees and other expenses could be incurred in connection with such representation, all or a portion of which could be borne by the related Client. Judicial decisions have upheld the right of loan obligors to sue lending institutions on the basis of various legal theories, collectively termed "lender liability." Generally, lender liability is founded on the premise that a lender has either violated a duty, whether implied or contractual, of good faith and fair dealing owed to the loan obligor or has assumed a degree of control over the loan obligor resulting in the creation of a fiduciary duty owed to the loan obligor or its other creditors or equity owners. To the extent that volofin Capital Management participates on such committees, Clients could become subject to allegations of lender liability. volofin Capital Management cannot provide assurance that these claims will not arise or that it (or such Client) will not be subject to significant liability if a claim of this type did arise.

***Syndicated Loan Risk.*** A Client's Assignment or Participation Interest in an Aviation Loan is often a part of a syndicated bank facility, that is, a loan offered by a group of lenders providing funds to an obligor. The terms and conditions of the underlying agreements with respect to any syndicated loan may be amended, modified or waived only by the agreement of the requisite percentage of lenders under the related loan agreement with limited exceptions. Generally, any such amendment, modification or waiver must include a majority or a super majority (measured by outstanding loans or commitments) or, in certain circumstances, a unanimous vote of the lenders. Consequently, the terms and conditions of the payment obligation and collateral rights arising from the underlying agreements with respect to any loan could be amended,



modified or waived in a manner contrary to our preferences or the preferences of a Client, as the case may be, if a sufficient number of the other lenders voted in favor of such modification, amendment or waiver. There can be no assurance that any rights or obligations arising from the underlying agreements with respect to any Aviation Loan will maintain the terms and conditions to which we or our Client originally agreed. Similarly, the exercise of remedies could be subject to the vote of a specified percentage of the lenders under the underlying agreements with respect to any Aviation Loan and we and our Clients may not be in total control of this specified percentage, which may cause remedies to be exercised differently than desired for us and our Clients.

There is a risk that a loan agent becomes bankrupt or insolvent. Such an event would delay, and possibly impair, any enforcement actions undertaken by holders of the associated indebtedness, including attempts to realize upon the Aircraft Assets securing the Aviation Loan and/or direct the agent to take actions against the related obligor or the Aircraft Assets securing an Aviation Loan and actions to realize on proceeds of payments made by obligors that are in the possession or control of such loan agent.

In addition, agented Aviation Loans typically allow for the agent to resign with certain advance notice. Such Aviation Loans may not, however, contain provisions for holders of the associated indebtedness to remove the agent thereunder. Therefore, under circumstances where removal of the agent would be in the best interests of the holders of the associated indebtedness (including our Clients), the underlying loan documents would have to be amended by the requisite holders of the associated indebtedness with the agreement of the agent to remove the agent thereunder.

***Participations Risk.*** Interests in Aviation Loans may be acquired indirectly by purchasing a participation interest from a selling institution, which may be an Affiliated Entity or a Client. Holders of participation interests are subject to additional risks not applicable to a holder of a direct interest in such loans. By holding a participation interest in a loan, the holder generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set off against the borrower or voting rights with respect to amendments or waivers, and may not directly benefit from the collateral supporting the loan in which it has purchased the participation. As a result, the holder will assume the credit risk of both the borrower and the institution selling the participation, which will remain the legal owner of record of the applicable loan.

Furthermore, to the extent the participation seller has sold all or a significant portion of its economic interest in a loan, it has less incentive to monitor and exercise the voting rights it retains with respect to such loan, and its interests might not be aligned with those of the participation buyer.

***Valuation of Aviation Investment Assets.*** Many of the Aviation Investment Assets acquired by Clients are illiquid and have no readily ascertainable market prices. The fair value of Aviation Investment Assets that are not publicly traded are often not easy to determine, particularly in volatile, unusual or disrupted market conditions. volofin Capital Management values these investments based on estimates, or an independent third party's estimate, of their fair value as of the date of determination, which often involves significant subjectivity. There is no single standard for determining fair value in good faith and in many cases fair value is best expressed as a range of fair values from which a single estimate may be derived. volofin Capital Management may estimate the fair value of certain Aviation Investment Assets based on third-party models, or models developed by volofin Capital Management, which include discounted cash flow analyses and other techniques and may be based, at least in part, on independently sourced market parameters. The material estimates and assumptions used in these models include the timing and expected amount of cash flows, the appropriateness of discount rates used, and, in some cases, the ability to execute,

the timing of and the estimated proceeds from expected financings, some or all of which factors may be ascribed more or less weight in light of the particular circumstances. The actual results related to any particular Aviation Investment Asset often vary materially as a result of the inaccuracy of these estimates and assumptions. In addition, because many of the illiquid investments held by Clients are impacted by instability, in distress or undergoing some uncertainty, valuations of such investments may be subject to rapid and/or significant changes caused by, among other matters, sudden obligor or airline-specific or industry-wide developments.

Because such valuations will be inherently uncertain, may fluctuate significantly over short periods of time and will be based on estimates and other material assumptions, our determinations of fair value may differ materially from the values that would have been used if a readily available market for these investments existed and may differ materially from the values that a Client may ultimately realize on such investments.

***Investing in Emerging Markets.*** Many of the Aviation Investment Assets in which Clients invest involve issuers, borrowers and airlines located in emerging markets. Emerging markets are countries that are less developed than the United States but whose social and economic activity is in the process of reform and is experiencing growth and industrialization. Risks associated with investing in some emerging markets include less publicly available information, less strict securities market regulation, less efficiency, less favorable tax provisions, a greater likelihood of severe inflation, less reliable system of law and local law challenges to repossession provisions and rights afforded to aircraft lessors and lenders, unstable currency and war. Furthermore, due to quality and reliability concerns, official data published by the government or securities exchanges in emerging markets may not accurately reflect the actual circumstances being reported.

Emerging market countries generally have less-developed economies that may be particularly vulnerable to economic and political problems and may experience significant fluctuations in gross domestic product, interest rates and currency exchange rates, and may be more susceptible to civil disturbances, government instability, nationalization and expropriation of private assets and the imposition of taxes or other charges by government authorities. In addition, legal systems in emerging market countries may be less developed, which could make it more difficult to enforce legal rights in such countries. For example, as of the date of this Brochure, the Cape Town Convention, a treaty that, among other things, established international standards for the registration, protection and enforcement of lessors' and financiers' rights in Aircraft Assets, has entered into force in only seventy-nine countries, which could make it more difficult to enforce legal rights outside of such countries.

***Risks of Aviation Investment Assets involving balloon payments and Covenant-Lite Aviation Investment Assets.*** Many of the Aviation Investment Assets in which Clients invest involve a large final (balloon) payment required to be made at the maturity of the loan. Such Aviation Investment Assets involve a greater degree of risk than other types of transactions because they are structured to allow for small principal payments over the term of the loan, requiring the obligor to make a large final (balloon) payment upon the maturity of the loan. The ability of such obligor to make this final payment upon the maturity of the loan typically depends upon its ability either to refinance the loan prior to maturity or to generate sufficient cash flow to repay the loan at maturity. The ability of any obligor to accomplish any of these goals is affected by many factors, including the availability of financing at acceptable rates to such obligor, the financial condition of such obligor, the marketability of the Aircraft Asset securing such loan, the operating history of the lessor, aircraft investment firm or the airline, tax laws and the prevailing general economic conditions. Consequently, such obligor might not have the ability to repay the loan at maturity, and a Client could lose all or most of the principal of such an Aircraft Investment Asset. Given their relative size and limited

resources and access to capital, some obligors might have difficulty in repaying or refinancing their balloon loan on a timely basis or at all which would result in losses to Clients invested in such Aviation Investment Assets.

Certain of the Aviation Investment Assets in which Clients invest contain limited, if any, financial covenants. Generally, such “Covenant-Lite” Aviation Investment Assets either do not require the obligor to maintain debt service or other financial ratios or do not contain common restrictions on the ability of the obligor to change significantly its operations or to enter into other significant transactions that could affect its ability to repay such Aviation Investment Assets. These Aviation Investment Assets carry different risks, including with respect to liquidity, price volatility and ability to restructure Aviation Investment Assets than is the case with Aviation Investment Assets that are not “Covenant-Lite” Aviation Investment Assets. A Client owning “Covenant-Lite” Aviation Investment Assets is exposed to increased risk of losses that could have an adverse impact on the Client’s returns.

**Information Technology Security Risk.** volofin Capital Management employs information technology systems, consisting of end-user computers and devices, infrastructure, internal and external applications and communications networks to support volofin Capital Management’s business operations. Systems, networks and devices can nevertheless be breached and volofin Capital Management, its Clients and investors could be negatively impacted as a result of a cybersecurity breach. Cybersecurity breaches can include unauthorized access to systems, networks or devices; infection from computer viruses or other malicious software code; and attacks that shut down, disable, slow or otherwise disrupt operations, business processes or website access, functionality or cause corruption of sensitive and confidential information. Cybersecurity breaches will cause disruptions and impact volofin Capital Management’s business operations potentially resulting in a financial loss to Clients due to interference with volofin Capital Management’s ability to initiate or close out positions and monitor Client portfolios, violations of privacy law, regulatory fines and penalties, reputational damage or additional compliance costs. volofin Capital Management seeks to mitigate attacks on its systems; however, such measures cannot provide absolute security. volofin Capital Management will not be able to directly control the risks of third-party systems to which volofin Capital Management relies upon or connects. Any breach in security of the systems that volofin Capital Management relies upon could disrupt its business and its ability to provide services to Clients and will cause Clients to suffer, among other things, financial losses, disruption of business, liability to third parties, regulatory intervention and/or reputational damage. Any of the foregoing can have a material adverse effect on volofin Capital Management, its Clients and Client portfolios.

**LIBOR Transition Risk.** Instruments in which Clients invests may pay interest at floating rates based on the London Interbank Offered Rate (“LIBOR”) or may be subject to interest caps or floors based on LIBOR. The United Kingdom’s Financial Conduct Authority phased out the use of LIBOR by December 31, 2021 so that the 1-week and 2-month US dollar LIBOR settings ceased to be published or will no longer be representative, and after June 30, 2023, the overnight 1-month, 3-month, 6-month and 12-month US dollar LIBOR settings will cease to be published or will no longer be representative. Various financial industry groups have begun planning for the transition away from LIBOR, but there are challenges to converting certain securities and transactions to a new reference rate (e.g., the Secured Overnight Financing Rate (“SOFR”), which is intended to replace the US dollar LIBOR). The transition process might lead to increased volatility and illiquidity in markets for instruments whose terms currently include LIBOR and may adversely affect a Client’s performance.

**Investments in Structured Products.** The Clients may invest in securities backed by, or representing interests in, certain underlying instruments or Aircraft Assets (“structured products”) including Asset-

backed securities secured by Aircraft Assets and leases and loans secured by Aircraft Assets (“Aircraft ABS”) and securities issued by an airline or lessor secured by loans or leases and underlying Aircraft Assets which include some level of credit enhancement (“EETC”). The cash flow on the underlying instruments or Aircraft Assets may be apportioned among the structured products to create securities with different investment characteristics such as varying maturities, payment priorities and interest rate provisions, and the extent of the payments made with respect to the structured products is dependent on the extent of the cash flow on the underlying instruments. The performance of structured products will be affected by a variety of factors, including the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying Aircraft Assets, receivables, loans, leases or other assets that are being securitized, remoteness of those Aircraft Assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets. Structured products are typically sold in private placement transactions, and investments in structured products may therefore be illiquid in nature, with no readily available secondary market. Because certain structured products of the type in which the Clients may invest may involve no credit enhancement, the credit risk of those structured products generally would be equivalent to that of the underlying instruments. The Clients may invest in a class of structured products that is either subordinated or unsubordinated to the right of payment of another class. Subordinated structured products typically have higher yields and present greater risks than unsubordinated structured products. Additionally, the yield to maturity of a tranche may be extremely sensitive to the rate of defaults in the underlying reference portfolio. A rapid change in the rate of defaults may have a material adverse effect on the yield to maturity. It is therefore possible that the Clients may incur losses on its investments in structured products regardless of their original credit profile. Finally, the securities in which the Clients are authorized to invest include securities that are subject to legal or contractual restrictions on their resale or for which there is a relatively inactive trading market. Securities subject to resale restrictions may sell at a price lower than similar securities that are not subject to such restrictions.

***Subordination.*** A portion of the Clients’ investments will consist of investments that are subordinate in right of payment and rank junior to other instruments that are secured by or represent an ownership interest in the same pool of assets, and thus, would be subordinated to the prior payment in full of such debt. As a result, such investments have a higher risk of loss. Specifically, the Clients may make investments in subordinated Aircraft ABS or subordinated EETCs which could subject the Clients to increased risk of losses. In addition, if the underlying portfolio of Aircraft Assets has been overvalued by the originator, or if the values subsequently decline and, as a result, less collateral is available to satisfy interest and principal payments due on the related Aircraft ABS or EETCs, the securities in which the Clients invest may effectively become the “first loss” position behind the more senior securities, which may result in significant losses to the Clients.

***Risks Related to Holding Structured Credit Vehicle (“SCV”) Interests.*** The value of interests in SCVs generally will fluctuate with, among other things, the financial condition of the obligors/issuers of the underlying portfolio of assets of the related SCV (“SCV Collateral”), market conditions, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry and changes in prevailing interest rates. Interests in SCVs are issued on a non-recourse basis and holders of interests in SCVs must rely solely on distributions on the SCV Collateral or proceeds thereof for payment in respect thereof. If distributions on the SCV Collateral are insufficient to make payments on the interests in SCVs, no other assets will be available for payment of the deficiency and following liquidation of the SCV Collateral, the obligations of such issuer to pay such deficiency will be extinguished.

***Lower Credit Quality SCV Securities.*** Interests in SCVs may be deemed by rating agencies to have substantial vulnerability to default in payment of interest and/or principal. Other securities may have the lowest quality ratings or may be unrated, may have been downgraded or placed on “credit watch” for future downgrades. Lower rated and unrated securities can have large uncertainties or major risk exposures to adverse conditions and can be considered to be speculative. Generally, such securities offer a higher return potential than higher rated securities, but involve greater volatility of price and greater risk of loss of income and principal. The market values of interests in SCVs also may tend to be more sensitive to changes in market or economic conditions than other securities. The value of the Aviation Asset Investments underlying a SCV may also be affected by changes in the market’s perception of the entity issuing or guaranteeing them, or by changes in government regulations and tax policies.

***Liquidity of Markets.*** In the past, markets have periodically experienced significant falloffs in liquidity. While these may be attributable to changes in interest rates or other macro- economic factors, the cause is not always apparent or predictable. During these periods of market illiquidity, volofin Capital Management might not be able to sell assets in its Clients’ portfolios or might only be able to do so at unfavorable prices. Because interests in SCVs themselves could be illiquid, they can be difficult to value and the valuations are often based on models or an indicative price from a dealer, rather than on prices at which the security was actually sold in the secondary market. As a result, any particular issuance of SCV Notes could experience large movements in price.

***SCV Warehouse Vehicles.*** Certain investors may invest in the first loss position of SCV warehouse vehicles, managed by volofin Capital Management, used to acquire Aviation Investment Assets on an interim basis that are expected to be sold into a future SCV to be managed by volofin Capital Management. SCV warehouse vehicles take a variety of forms. During the warehouse period, the collateral manager, on behalf of the SCV issuer, acquires Aviation Loans which the SCV issuer intends to purchase at the SCV closing at which time it issues its SCV securities. While it is expected that the warehouse will be fully repaid and extinguished at the SCV closing, there can be no assurance that the future SCV will be consummated or that the loans held in such a warehouse vehicle will be eligible for purchase by the SCV at closing. SCV warehouses are leveraged investments. Although the collateral manager on behalf of the SCV issuer selects the Aviation Loans to go into the warehouse, the senior warehouse lender generally must consent to the loans acquired during the warehouse period and may also have consent rights with respect to material modifications or sales of such loans. The senior warehouse lender may have interests that are different than those of the other warehouse investors. During the warehouse period, loans may be sold at a loss which may result in a loss to the investors of all or a portion of their investment in the warehouse. Many SCV warehouses include mark-to-market triggers, which may require first loss providers to commit additional capital to avoid liquidation of the warehouse assets. SCV warehouses may require first loss/equity capital to be committed from time to time and the investors take the risk that they or other first loss / equity warehouse investors will not advance capital when required. If these requirements are not met or other representations, warranties or covenants in the warehouse documents are breached, or if the SCV fails to close, the warehouse lender may require a liquidation of the warehouse assets which may result in a loss to the investors of all or a portion of their investment in the SCV warehouse vehicle.

***Regulatory Risk Related to Risk Retention.*** As asset manager or sponsor of the SCVs, certain investors will retain interests in the SCVs, which may consist of securities issued by the SCVs, in order for the Client to comply with the Risk Retention Rules. There has been no explicit guidance regarding how entities may be structured for this purpose and therefore the regulatory environment in which the SCVs intend to operate is highly uncertain. There can be no assurance that applicable governmental authorities will agree that any



of the transactions, structures or arrangements entered into by a Client, and the manner in which it expects to hold Retention Interests, will satisfy the Risk Retention Rules. If such transactions, structures or arrangements are determined not to comply with the Risk Retention Rules, Client and volofin Capital Management could become subject to regulatory action that could result in adverse consequences to volofin Capital Management and Client. The impact of the Risk Retention Rules on the securitization market is also unclear and such rules may negatively impact the value of the SCVs and their underlying assets.

**Counterparty Risk.** Clients will be subject to the credit risk of counterparties with whom volofin Capital Management trades. If a trading counterparty becomes bankrupt or otherwise fails to perform its obligations due to financial difficulties, trade term disputes or other reasons, Clients should expect significant delays in obtaining a recovery (if any) in such circumstances.

**Settlement Risk.** Certain Aviation Investment Assets are subject to settlement periods in excess of the securities standard of trade date plus three days and will not always settle on a delivery versus payment basis as is common for other types of investments. Settlement periods for certain Aviation Investment Assets can extend to trade date plus seven days or more depending upon a number of factors not in the control of the Client. Therefore, counterparties to these types of trades, including Clients, are subject to ongoing market risk to the extent that lengthy settlement periods occur. Moreover, settlement of certain trades can be a manual process, prolonging the settlement period and increasing operational risk. Further, during the prolonged settlements, the underlying credit outlook, positive or negative, or the terms of the loan evolve in accordance with the terms of the underlying credit agreement (*i.e.*, interest rate resets, pre-payments, etc.) or otherwise.

**Public and Private Side Risk.** Aviation Loans are negotiated, structured, administered, and as the situation arises, amended on the basis of the obligor providing its lenders with confidential information about the borrower's business. At times, such information may contain material, non-public information ("MNPI"). volofin Capital Management is prohibited from improperly disclosing or using MNPI in connection with the purchase or sale of a security for its benefit or for the benefit of itself, or any other person, including Clients. It is not uncommon for transactions to occur in the loan market on the basis of asymmetrical information (*i.e.*, one loan participant has public information while its counterparty has MNPI) and volofin Capital Management will be trading in loans with counterparties who have access to MNPI while it does not and vice versa. volofin Capital Management can elect to participate on either the "public" or "private" side, however, volofin Capital Management will likely operate primarily on the public side in order to avoid securities trading restrictions, even though access to such information would be potentially advantageous to Clients investing in loans. volofin Capital Management does not maintain internal information barrier policies, such that the receipt by any person within volofin Capital Management of MNPI will likely be imputed to all of volofin Capital Management. Moreover, although there are some information barriers between volofin Capital Management and vCML, subject to volofin Capital Management's policies and procedures, there may be instances when volofin Capital Management will be subject to the same trading restrictions or Restricted List as vCML. Actions taken by volofin Capital Management with respect to MNPI may result in volofin Capital Management abstaining from making an investment or taking action which it might have otherwise pursued, which may be to the benefit or detriment of a particular Client. For example, volofin Capital Management may decline to accept MNPI with respect to an investment held by one Client account in order to avoid being restricted with respect to that investment opportunity in connection other Client accounts. Conversely, volofin Capital Management may elect to accept MNPI even though doing so restricts existing positions of Clients.

***FCPA Considerations.*** volofin Capital Management is committed to complying with the U.S. Foreign Corrupt Practices Act (“FCPA”) and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, Clients may be adversely affected because of their unwillingness to participate in transactions that violate such laws or regulations. Such laws and regulations may make it difficult in certain circumstances for Clients to act successfully on investment opportunities and for portfolio companies to obtain or retain business.

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In addition, the United Kingdom has significantly expanded the reach of its anti-bribery laws. While volofin Capital Management has developed and implemented policies and procedures designed to ensure strict compliance by volofin Capital Management and its personnel with the FCPA, such policies and procedures may not be effective to prevent violations in all instances. In addition, in spite of volofin Capital Management’s policies and procedures, portfolio companies or other entities in which a Client’s affiliates of portfolio companies, particularly in cases where a Client or another volofin Capital Management-sponsored fund or vehicle does not control such portfolio investment, may engage in activities that could result in FCPA violations. Any determination that volofin Capital Management has violated the FCPA or other applicable anticorruption laws or anti-bribery laws could subject it to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect volofin Capital Management’s business prospects and/or financial position, as well as a Client’s ability to achieve its investment objective and/or conduct its operations.

***Pay-to-Play Laws, Regulations and Policies.*** A number of U.S. states and municipal pension plans have adopted so-called “pay-to-play” laws, regulations or policies which prohibit, restrict or require disclosure of payments to (and/or certain contacts with) state officials by individuals and entities seeking to do business with state entities, including those seeking investments by public retirement funds. The SEC has adopted rules that, among other things, prohibit an investment adviser from providing advisory services for compensation to a government client for two years after the adviser or certain of its executives, employees or agents makes a contribution to certain elected officials or candidates. If any of volofin Capital Management’s employees or affiliates or any service provider acting on their behalf fail to comply with such laws, regulations or policies, such non-compliance could have an adverse effect on Clients.

***Possibility of Fraud and Other Misconduct of Employees and Service Providers.*** Misconduct by employees of volofin Capital Management, service providers to Clients and/or their respective affiliates could cause significant losses to such Clients. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Clients, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Clients, and non-compliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Clients. volofin Capital Management has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that volofin Capital Management will be able to identify or prevent such misconduct.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF ALL OF THE INVESTMENT RISKS VOLOFIN CAPITAL MANAGEMENT AND ITS CLIENTS ARE EXPOSED TO AS A PART OF VOLOFIN CAPITAL MANAGEMENT’S BUSINESS.**



## **Item 9 Disciplinary Information**

This Item requests information relating to legal and disciplinary events in which volofin Capital Management or any supervised persons, as defined by the Advisors Act, have been involved that are material to Client's or prospective Client's evaluations of volofin Capital Management's advisory business or management. There are no reportable legal or disciplinary events related to volofin Capital Management or any of its supervised persons.

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

### **Affiliated Broker-Dealers**

volofin Capital Management and its management persons are not registered, nor has an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. volofin Capital Management has no existing or pending affiliations with a broker-dealer or a registered representative of a broker-dealer.

### **Affiliated CPO and/or CTA**

volofin Capital Management and its management persons are not registered, nor has an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. volofin Capital Management has no existing or pending affiliations with a futures commission merchant, commodity pool operator, or commodity trading advisor.

### **Affiliated Relying Advisers**

As stated in Item 4 of this Brochure, volofin Capital Management is affiliated with vCML, a relying adviser. vCML intends to conduct their activities in accordance with the Advisers Act and the rules thereunder.

### **Relationship or Arrangements with Affiliates and/or Related Persons**

volofin Capital Management does not select or recommend non-affiliated investment advisers to Clients or prospective Clients. There are inherent conflicts of interest when a related person provides services to an investment adviser and its clients, in that such arrangements may not be conducted at “arm’s length” and that volofin Capital Management may have an incentive to favor a related person over an independent third party.

## Item 11 Code of Ethics

volofin Capital Management maintains a policy of strict compliance with the highest standards of ethical business conduct and the provisions of applicable federal securities laws, including rules and regulations promulgated by the SEC, and has adopted policies and procedures described in its Code of Ethics. The Code of Ethics has been adopted by volofin Capital Management in compliance with Section 204A of the Advisers Act and Rule 204A-1 thereunder. The Code of Ethics applies to each employee of volofin Capital Management and any other “access person” as defined under the Advisers Act. It is designed to ensure compliance with legal requirements of volofin Capital Management’s standard of business conduct.

A complete copy of volofin Capital Management’s Code of Ethics is available to any Client or prospective Client upon request by contacting the volofin Capital Management at (646) 866-6997 or [info@volofin.com](mailto:info@volofin.com).

The Code of Ethics is based upon the premise that all volofin Capital Management personnel have a fiduciary responsibility to render professional, continuous and unbiased investment advisory services. The Code of Ethics requires all personnel to: (i) comply with all applicable laws and regulations; (ii) observe all fiduciary duties and put Client interests ahead of those of volofin Capital Management; (iii) observe volofin Capital Management’s personal trading policies so as to avoid “front-running” and other conflicts of interests between volofin Capital Management and its Clients; and (iv) ensure that all personnel have read the Code of Ethics, agreed to adhere to the Code of Ethics, and are aware that a record of all violations of the Code of Ethics will be maintained by volofin Capital Management’s Chief Compliance Officer, and that personnel who violate the Code of Ethics are subject to sanctions by volofin Capital Management, up to and including termination.

**Standards of Conduct:** volofin Capital Management and its access persons are expected to comply with all applicable federal and state laws and regulations. Access persons are expected to adhere to the highest standards of ethical conduct and maintain confidentiality of all information obtained in the course of their employment and bring any risk issues, violations, or potential violations to the attention of the Chief Compliance Officer. Access persons are expected to deal with Clients fairly and disclose any activity that may create an actual or potential conflict of interest between them and volofin Capital Management or Client.

**Ethical Business Practices:** Falsification or alteration of records or reports, also known as a prohibited financial practice, or knowingly approving such conduct is prohibited. Payments to government officials or government employees are prohibited except for political contributions approved by volofin Capital Management’s Chief Compliance Officer or his designee. volofin Capital Management seeks to outperform its competition fairly and honestly and seeks competitive advantages through superior performance not illegal or unethical dealings. Access persons are strictly prohibited from (i) participating in online blogging and communication with the media, unless approved by the Chief Executive Officer or the Chief Compliance Officer, and (ii) spreading of false rumors pertaining to any publicly traded company.

**Confidentiality:** Employees must maintain the confidentiality of volofin Capital Management’s proprietary and confidential information, and must not disclose that information unless the necessary approval is obtained. volofin Capital Management has a particular duty and responsibility, as investment adviser, to safeguard Client information. Information concerning the identity and transactions of investors is confidential, and such information will only be disclosed to those employees and outside parties who may need to know it in order to fulfill their responsibilities.

**Gift and Entertainment Policy:** Access persons shall not, directly or indirectly, take, accept or receive gifts or other consideration in merchandise, services or otherwise of more than nominal value from any person, firm, corporation, association or other entity other than such person's employer that does business, or proposes to do business, with the volofin Capital Management or any of its affiliates.

### **Personal Trading**

**Personal Trading Policy:** In general, no access person may acquire, directly or indirectly, any beneficial ownership in any "reportable security" without first obtaining the prior written approval of the Chief Compliance Officer or his appointed designee. Access persons who violate the personal trading policy are reprimanded in accordance with the sanctions provisions outlined in the Code of Ethics. Personal securities transactions are reviewed by the Chief Compliance Officer or his appointed designee for compliance with the personal trading policy and applicable SEC rules and regulations.

Access persons may not purchase or otherwise acquire direct or indirect beneficial ownership of any reportable security, and may not sell or otherwise dispose of any reportable security in which he or she has direct or indirect beneficial ownership, if he or she knows or should know at the time of entering into the transaction that: (i) a Client has purchased or sold the reportable security within the last 15 calendar days, or is purchasing or selling or intends to purchase or sell the reportable security in the next 15 calendar days; or (ii) volofin Capital Management has within the last 15 calendar days considered purchasing or selling the reportable security for any Client or within the next 15 calendar days intends to consider purchasing or selling the reportable security for any Client. Access persons must obtain approval from the Chief Compliance Officer or his designee before directly or indirectly acquiring beneficial ownership in any securities in an initial public offering or in a limited offering (including, private placements).

No access person shall recommend any transaction in any reportable securities by Clients without having disclosed to the Chief Compliance Officer his or her interest, if any, in such reportable securities or the issuer thereof, including: (i) the access person's beneficial ownership of any reportable securities of such issuer; (ii) any contemplated transaction by the access person in such reportable securities; (iii) any position the access person has with such issuer; and (iv) any present or proposed business relationship between such issuer and the access person (or a party in which the access person has a significant interest).

volofin Capital Management's Principals and employees and certain of their affiliates may, from time to time, purchase or sell financial instruments for their own personal accounts. volofin Capital Management's Principals and employees may also take investment positions in their personal accounts that are different from, or contrary to, those taken by Client accounts; however, they generally are not permitted to trade ahead of Client accounts. volofin Capital Management's Principals and employees may frequently engage in the purchase and sale of public and private securities and other financial instruments for their own personal accounts. The personal trading activities of volofin Capital Management's Principals, employees and affiliates may raise various actual and potential conflicts of interest. volofin Capital Management has implemented various compliance policies and procedures, including personal trading and reporting policies, in an attempt to reduce, mitigate, or address any such actual or potential conflicts of interest. For example, as noted above, all access persons generally are required to obtain the prior written consent of the Chief Compliance Officer before buying or selling any "reportable security."

Whenever the Chief Compliance Officer determines that one of volofin Capital Management's affiliates or employees is in possession of material non-public information regarding an issuer, such issuer may either

be placed on a restricted list or a watch list. When a company is placed on a watch list or restricted list, all employees are prohibited from personal trading in securities of those companies.

**Prohibition against Insider Trading:** volofin Capital Management forbids any access person from trading, either personally or on behalf of others, including Clients advised by volofin Capital Management, on material non-public information or communicating material non-public information to others in violation of the law or duty owed to another party. This conduct is frequently referred to as “insider trading”. The concepts of material non-public information, penalties for insider trading, and processes for identifying insider trading are addressed in detail in the Compliance Manual and Code of Ethics.

**Reporting Requirements:** In compliance with SEC rules, access persons are required to disclose all of their personal brokerage accounts and holdings within 10 days of initial employment with volofin Capital Management, within 10 days after the end of each calendar quarter of opening a new account, and annually thereafter. Additionally, the last day of the month following each quarter-end, all access persons must report all transactions in reportable securities over which the access person had any direct or indirect beneficial ownership. Access persons are also required annually to affirm all reportable transactions from the prior year.

### **Privacy and Confidentiality**

**Privacy Policy:** volofin Capital Management has adopted a privacy policy that explains the manner, in which volofin Capital Management collects, utilizes and maintains nonpublic personal information about Clients and Clients’ investors. volofin Capital Management recognizes and respects the privacy concerns of potential, current and former Clients and Clients’ investors. volofin Capital Management is committed to safeguarding this information. As a member of the financial services industry, volofin Capital Management will provide this Privacy Policy for informational purposes to Clients, Clients’ investors and employees and will distribute and update it as required by law. A complete copy of volofin Capital Management’s Privacy Policy is available to any Client or prospective Client upon request.

**Collection of Information and Disclosure of Nonpublic Personal Information:** To provide investors with effective service, volofin Capital Management may collect several types of nonpublic personal information about investors, including: (i) information from forms that investors may fill out, such as subscription forms, questionnaires and other information provided by investors in writing, in person, by telephone, electronically or by any other means. This information includes name, address, nationality, tax identification number, and financial and investment qualifications; (ii) information investors may give orally; (iii) information about transactions within volofin Capital Management, including account balances, investments and withdrawals; (iv) information about the amount investors have invested, such as initial investment and any additions to and withdrawals from an investment in the Clients; and (v) information about any bank accounts investors may use for transfers to or from accounts (if applicable).

**Disclosure of Nonpublic Personal Information:** volofin Capital Management does not sell or rent Client investor information. volofin Capital Management uses this information to conduct business with its Clients: to develop or enhance its products and services; to understand the financial needs of its Clients so that volofin Capital Management can provide such Clients with quality products and superior service; and to protect and administer its Clients’ records, accounts and funds. volofin Capital Management does not disclose nonpublic personal information about its investors to nonaffiliated third parties, except as permitted or required by law. For example, volofin Capital Management may share nonpublic personal information in the following situations: (i) to service providers in connection with the administration and servicing of

volofin Capital Management and its Clients; this may include attorneys, accountants, auditors and other professionals. volofin Capital Management may also share information in connection with the servicing or processing of investor transactions; (ii) to affiliated companies in order to provide investors with ongoing personal advice and assistance with respect to the products and services investors have purchased through volofin Capital Management and to introduce investors to other products and services that may be of value to such investors; (iii) to respond to a subpoena or court order, judicial process or regulatory authorities; (iv) to protect against fraud, unauthorized transactions (such as money laundering), claims or other liabilities; and (v) upon consent of an investor to release such information, including authorization to disclose such information to persons acting in a fiduciary or representative capacity on behalf of the investor.

**Protection of Client Information:** volofin Capital Management's policy is to require that all employees, financial professionals and companies providing services on its behalf keep Client and investor information confidential. volofin Capital Management maintains safeguards that comply with federal standards to protect Client and investor information. volofin Capital Management restricts access to the personal and account information of Clients and investors to those employees who need to know that information in the course of their job responsibilities. Third parties with whom volofin Capital Management shares Client or investor information must agree to follow appropriate standards of security and confidentiality. volofin Capital Management's privacy policy applies to both current and former Clients and investors. volofin Capital Management may disclose nonpublic personal information about a former Client to the same extent as for a current Client.

**Changes to Privacy Policy:** volofin Capital Management may make changes to its privacy policy in the future. volofin Capital Management will not make any change affecting any Client without first sending to that Client a revised privacy policy describing the change.

### **Potential Conflicts of Interest**

volofin Capital Management, its affiliates and their respective principals, officers, directors, partners, shareholders, members, managers, employees, agents or other representatives and their respective funds and investment accounts (collectively, the "Related Parties") engage in a broad range of activities, including activities for their own account and for the accounts of Clients. This section describes various potential conflicts that may arise in respect of the Related Parties, as well as how volofin Capital Management address such conflicts of interest. The discussion below does not describe all conflicts that may arise.

Any of the following potential conflicts of interest will be discussed and resolved on a case by case basis. volofin Capital Management's determination as to which factors are relevant, and the resolution of such conflicts, will be made using volofin Capital Management's best judgment, but in volofin Capital Management's sole discretion. In resolving conflicts, volofin Capital Management will take into consideration the interests of the relevant Client or Clients, the circumstances giving rise to the conflict and applicable laws. Certain procedures for resolving specific conflicts of interest are set forth below.

**Allocation of Aviation Investment Asset Opportunities:** volofin Capital Management acts as investment adviser to more than one Client that may have similar investment objectives and pursue similar strategies. Certain Aviation Investment Assets identified by volofin Capital Management may be appropriate for multiple Clients. When it is determined by volofin Capital Management that it would be appropriate for more than one Client to participate in an Aviation Investment Asset opportunity, volofin Capital

Management will generally allocate such Aviation Investment Asset opportunity among the Clients in proportion to the relative amounts of capital available for new Aviation Investment Assets, taking into account such other factors as it may, in its sole discretion determine appropriate, including investment objectives, legal or regulatory restrictions, current holdings, availability of capital for investment, the size of investments generally, risk-return considerations, relative exposure to market trends, targeted leverage level, targeted asset mix, target investment return, diversification requirements, strategic objectives, specific liquidity requirements, as well as any tax consequences, limitations and restrictions on a Client's portfolio that are imposed by such Client's governing documents or other considerations that volofin Capital Management deems necessary or appropriate in light of the circumstances at such time. In addition, if it is fair and reasonable that certain Clients are fully filled of their appetite before others (e.g., for tax considerations, to avoid de minimis partial allocations, to cover or close out an existing position to mitigate risk or losses, etc.), then these Clients may receive full or disproportionate allocations, with the remaining amounts allocated in accordance with normal procedures among the other participating Clients. One or more of the foregoing considerations in this paragraph may (and are often expected to) result in allocations among accounts other than on a *pari-passu* basis. Accordingly, particular Aviation Investment Asset may be bought or sold for only one Client or in different amounts and at different times for more than one but less than all Clients, even though it could have been bought or sold for other Clients at the same time. Likewise, a particular Aviation Investment Asset may be bought for one or more Clients when one or more other Clients are selling the Aviation Investment Asset. In addition, purchases or sales of the same Aviation Investment Asset may be made for two or more Clients on the same date. There can be no assurance that a Client will not receive less (or more) of a certain Aviation Investment Asset than it would otherwise receive if volofin Capital Management did not have a conflict of interest among Clients.

In effecting transactions, it is not always possible, or consistent with the investment objectives of volofin Capital Management's various Clients, to take or liquidate the same Aviation Investment Asset positions at the same time or at the same prices. Certain investment restrictions may limit volofin Capital Management's ability to act for a Client and may reduce performance. Regulatory and legal restrictions (including restrictions on aggregated positions) may also restrict the investment activities of volofin Capital Management and result in reduced performance.

volofin Capital Management seek to manage and/or mitigate these potential conflicts of interest described by following procedures with respect to the allocation of investment opportunities for Clients, including the allocation of limited investment opportunities. volofin Capital Management's allocation policy is based on a fundamental desire to treat each Client fairly over time.

**Capital Structure Conflicts:** volofin Capital Management and its affiliates have ongoing relationships with many companies whose securities have been acquired by, or are being considered for investment by, Clients. From time to time, volofin Capital Management may acquire securities or other financial instruments of an issuer for one Client which are senior or junior securities or financial instruments of the same issuer that are held by, or acquired for, another Client (e.g., one Client may acquire senior debt while another Client may acquire subordinated debt). Conflicts of interest may arise in such circumstances. For example, in the event such issuer enters bankruptcy, the Client holding securities which are senior in bankruptcy preference may have the right to aggressively pursue the issuer's assets to fully satisfy the issuer's indebtedness to the Client, and as a fiduciary, volofin Capital Management might have an obligation to pursue such remedy on behalf of such Client. As a result, another Client holding assets of the same issuer which are more junior in the capital structure may not have access to sufficient assets of the issuer to completely satisfy its bankruptcy claim against the issuer and may suffer a loss.



volofin Capital Management recognize that conflicts arise under such circumstances and will endeavor to treat all Clients fairly and equitably. To that end, volofin Capital Management has adopted procedures that are designed to enable volofin Capital Management to address such conflicts and to ensure that Clients are treated fairly and equitably. No Client is permitted to acquire securities or other interests of a class that is senior or junior to a class of securities of an issuer already held by another Client unless such investment practice has been disclosed to such Client (for example, in the governing documents for each of the affected Clients, which will also contain appropriate risk and conflict disclosures). Additionally, it is volofin Capital Management's practice to obtain consent of each respective Client's advisory board before causing or permitting Clients to invest in different tranches or series of loans or securities issued by the same borrower (other than securitized products), unless such participation is pro rata by the Clients across both tranches or series so that there is no conflict.

**Conflicts Related to Valuation:** volofin Capital Management may have a role in determining asset values with respect to Client portfolios and may be required to price an asset when a market price is unavailable or unreliable. This may give rise to a conflict of interest because volofin Capital Management may be paid an asset-based fee on certain Client. In order to mitigate these conflicts, volofin Capital Management determines asset values in accordance with valuation procedures, which are set forth in volofin Capital Management's written policies and procedures.

**Directors of Portfolio Aviation Companies:** Additional conflicts of interest arise because volofin Capital Management or its affiliates and their respective principals, officers, directors, partners, members, managers and employees may serve as directors of, or acquire observer rights with respect to, certain aviation companies in which Clients invest. In the event volofin Capital Management or a related person (i) obtains material non-public information in such capacity with respect to any such aviation company or (ii) is subject to trading restrictions pursuant to the internal policies of such aviation company, volofin Capital Management may be prohibited from engaging in transactions with respect to the securities or instruments of such aviation company. Such a prohibition may have an adverse effect on Clients. In addition to any fiduciary duties that volofin Capital Management partners, principals and employees owe to Clients, as directors of portfolio aviation companies, these volofin Capital Management partners, principals and employees owe fiduciary duties to other owners of the portfolio aviation companies, which may be other Clients, and to persons other than Clients.

In general, such director or similar positions are often important to Clients' investment strategies and may have the effect of enhancing the ability of volofin Capital Management and its affiliates to manage Aviation Investment Assets. However, such positions may have the effect of impairing the ability of volofin Capital Management to sell the related securities when, and upon the terms, they may otherwise desire. In addition, because of the potential conflicting fiduciary duties that volofin Capital Management partners, principals and employees owe to a portfolio aviation company, on one hand, and that volofin Capital Management owes to the Clients, on the other hand, such positions may place volofin Capital Management's partners, principals and employees in a position where they must make a decision that is either not in the best interests of Clients or not in the best interests of the other owners of the portfolio aviation company. Should a volofin Capital Management partner, principal or employee make a decision that is not in the best interests of the other owners of a portfolio aviation company, such decision may subject one or more volofin Capital Management and Clients to claims that they would not otherwise be subject to as an investor, including claims of breach of the duty of loyalty, securities claims and other director-related claims. In general, Clients will indemnify volofin Capital Management and its partners, principals and employees from such claims. In addition, volofin Capital Management partners, principals and employees may make decisions for a portfolio aviation company that negatively impact returns received by a Client investing in the

portfolio aviation company or in other investments or, conversely, volofin Capital Management could make a decision that negatively impacts a portfolio aviation company and the returns for other Clients that may be invested in the portfolio aviation company. In addition, because of conflicting fiduciary duties, volofin Capital Management may be restricted in choosing Aviation Investment Assets for Clients, which could negatively impact returns received by the Client. For example, if a volofin Capital Management partner, principal or employee was to obtain material nonpublic information about another potential Client investment.

**Client Advisory Boards:** Certain Clients have advisory boards that consist of representatives of certain investors in such Clients. Any approval or consent given by such advisory boards tends to be binding on such Clients and all of their investors. Advisory boards are also generally authorized to give approvals or consents required under the Advisers Act, including under Section 206(3) of the Advisers Act. To the extent that an investor is not represented by a member of a Client's advisory board, such investor will have no influence over matters submitted to the advisory board for approval. Although volofin Capital Management has adopted policies and procedures designed to manage conflicts among Clients, members of the advisory boards may themselves have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted for consideration or review to the advisory boards on which they serve. In addition, if the member has an interest adverse to volofin Capital Management, it may not act in the best interest of the Client that it represents. While volofin Capital Management may adopt policies or procedures to address such conflicts in the future, they have not done so to date, and it may not be possible to entirely eliminate such conflicts.

**Material Non-Public Information:** volofin Capital Management's Compliance Department maintains a list of restricted securities as to which volofin Capital Management or its affiliates may have access to material non-public information and in which Clients are not permitted to trade without prior approval from the Compliance Department. In the event that any employee of volofin Capital Management or its affiliates obtains such material non-public information, volofin Capital Management may be restricted in acquiring or disposing investments on behalf of Clients, which could impact the returns generated for Clients.

Notwithstanding the maintenance of restricted lists and other internal controls, it is possible that the internal controls relating to the management of material non-public information could fail and result in volofin Capital Management, or one of its investment professionals, buying or selling a security while potentially in possession of material non-public information. Inadvertent trading on material non-public information could have adverse effects on the reputation of volofin Capital Management, result in the imposition of regulatory or financial sanctions, and as a consequence, negatively impact volofin Capital Management's ability to perform investment management services on behalf of Clients. In addition, while volofin Capital Management currently operates without information barriers on an integrated basis, volofin Capital Management could be required by certain regulations, or decide that it is advisable, to establish information barriers. In such event, volofin Capital Management's ability to operate as an integrated platform could also be impaired, which would limit volofin Capital Management's access to affiliate's personnel and impair their ability to manage Clients' investments in the manner in which they currently manage investments.

In an effort to mitigate these risks, volofin Capital Management maintains a Code of Ethics, as described herein above, and provides training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under volofin Capital Management's policies and procedures.

**Investment Activity by volofin Capital Management and Affiliates:** From time to time, various potential and actual conflicts of interest arise from the overall advisory, investment and other activities of volofin Capital Management, its affiliates, and their personnel. volofin Capital Management will endeavor to resolve conflicts with respect to investment opportunities in a manner they deem equitable to the extent possible under the prevailing facts and circumstances. volofin Capital Management's affiliates invest, on behalf of themselves, in securities and other instruments that would be appropriate for, are held by, or may fall within the investment guidelines of a Client. volofin Capital Management's affiliates give advice or take action for their own accounts that may differ from, conflict with, or be adverse to, advice given to or action taken for Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for, one or more Clients. Potential conflicts also arise due to the fact that volofin Capital Management's affiliates may have investments in some Clients but not in others, or may have different levels of investments in the various Clients, and that each of the Clients may pay different levels of fees.

volofin Capital Management, engages in a broad range of business activities and invests in portfolio companies whose operations may be substantially similar to and/or competitive with the portfolio companies and other investments in which Clients have invested. The performance and operation of such competing businesses could conflict with and adversely affect the performance and operation of Clients' portfolio companies and may adversely affect the prices and availability of business opportunities or transactions available to such portfolio companies. volofin Capital Management will seek to resolve conflicts in a manner that volofin Capital Management determines in its sole discretion to be fair and equitable.

**Other Relationships:** Clients may invest in Aviation Investment Assets (e.g., portfolio aviation companies) that have relationships with affiliates of volofin Capital Management. Such affiliates may take actions that are detrimental to the interests of Clients in such Aviation Investment Assets. Subject to the provisions of the Clients governing documents, on any matter involving a conflict of interest, volofin Capital Management will be guided by applicable law and seek to resolve such conflict in good faith.

**Conflicts Related to Information Possessed by or Provided by volofin Capital Management:** Certain Related Parties may receive or create information (e.g., proprietary technical models) that is not generally available to the public. volofin Capital Management has no obligation to provide such information to Clients or effect transactions for Clients on the basis of such information and in many cases volofin Capital Management will be prohibited from trading for the same Clients based on the information. Similarly, some Clients may have access to information, regarding Related Parties' transactions or views, that is not available to other Clients, and may act on that information through accounts managed by persons other than Related Parties. Such transactions may negatively impact other Clients (e.g., through market movements or decreasing availability or liquidity of securities).

**Information Barriers and the Restricted List:** volofin Capital Management currently operates without ethical screens or information barriers that other firms implement to separate persons who make investment decisions from others who might possess material non-public information that could influence such decisions. In an effort to manage possible risks from volofin Capital Management's decision not to implement such screens, volofin Capital Management maintains a Code of Ethics, as described herein above, and provides training to supervised persons with respect to conflicts of interest and how such conflicts are resolved under volofin Capital Management's policies and procedures. In addition, volofin Capital Management's Chief Compliance Officer maintains a list of restricted securities as to which volofin Capital Management or its affiliates may have access to material non-public information and in which

Clients are not permitted to trade without prior approval from the Chief Compliance Officer. In the event that any employee of volofin Capital Management or its affiliates obtains such material non-public information, volofin Capital Management may be restricted in acquiring or disposing of investments on behalf of Clients, which could impact the returns generated for Clients.

Notwithstanding the maintenance of restricted lists and other internal controls, it is possible that the internal controls relating to the management of material non-public information could fail and result in volofin Capital Management, or one of its investment professionals, buying or selling a security while potentially in possession of material non-public information. Inadvertent trading on material non-public information could have adverse effects on the reputation of volofin Capital Management, result in the imposition of regulatory or financial sanctions, and as a consequence, negatively impact volofin Capital Management's ability to perform investment management services on behalf of Clients. In addition, while volofin Capital Management currently operates without information barriers on an integrated basis, volofin Capital Management could be required by certain regulations, or decide that it is advisable, to establish information barriers. In such event, volofin Capital Management's ability to operate as an integrated platform could also be impaired, which would limit volofin Capital Management's access to affiliate's personnel and impair their ability to manage Clients' investments in the manner in which they currently manage investments.

**Conflicts Related to Relationships with Third Parties:** volofin Capital Management may work with institutional investment consultants and such consultants may also provide services to volofin Capital Management and its affiliates. Consultants may provide transaction advisory services to related parties and related parties may attend conferences sponsored by consultants. volofin Capital Management also may be hired to provide investment management or other services to an institutional investment consultant that works with a Client, which may create conflicts. Related parties may in-source or out-source to a third-party certain processes or functions, which may give rise to conflicts. There may be conflict when negotiating with third-party service providers if related parties bear operational expenses of various Clients to the extent that a given fee structure would tend to place more expense on Clients for which related parties have a greater entitlement to reimbursement or less expense on Clients for which related parties have lesser (or no) entitlement to reimbursement. Related parties may provide information about a Client's portfolio positions to unrelated third parties to provide additional market analysis and research to related parties and they may use such analysis to provide investment advice to other Clients. Related parties may purchase information (such as periodicals, conference participation, papers, surveys) from professional consultant firms, and such firms may have an incentive to give favorable evaluations of related parties to their clients.

**Other Accounts and Relationships:** As part of volofin Capital Management's regular business, volofin Capital Management and its Related Parties hold, purchase, sell, trade, or take other related actions both for their respective accounts and for the accounts of their respective Clients, on a principal or agency basis, subject to applicable law including Section 206(3) of the Advisers Act, with respect to loans, securities, and other investments and financial instruments of all types. The Related Parties also provide investment advisory services, among other services, and engage in private equity, real estate, and capital markets-oriented investment activities. The Related Parties will not be restricted in their performance of any such services or in the types of debt, equity, real estate, or other investments which they may make. The Related Parties may have economic interests in or other relationships with respect to investments made by Clients. In particular, but subject to volofin Capital Management's personal trading policy the Related Parties may make and/or hold an investment, including investments in securities, that may compete with, be *pari-passu*, senior or junior in ranking to an, investment, including investments in securities, made and/or held by Clients or in which partners, security holders, members, officers, directors, agents, or employees of such

Clients serve on boards of directors or otherwise have ongoing relationships. Each of such ownership and other relationships may result in restrictions on transactions by Clients and otherwise create conflicts of interest for Clients. In such instances, the Related Parties may in their discretion make investment recommendations and decisions that may be the same as or different from those made with respect to Client investments. In connection with any such activities described above, but subject to volofin Capital Management's personal trading policy the Related Parties may hold, purchase, sell, trade, or take other related actions in securities or investments of a type that may be suitable for Clients. Subject to volofin Capital Management's personal trading policy, the Related Parties will not be required to offer such securities or investments to Clients or provide notice of such activities to Clients. In addition, in managing Client portfolios, volofin Capital Management may take into account its relationship or the relationships of its affiliates with obligors and their respective affiliates, which may create conflicts of interest. Furthermore, in connection with actions taken in the ordinary course of business of volofin Capital Management, in accordance with its fiduciary duties to its Clients, may take, or be required to take, actions which adversely affect the interests of its Clients.

The Related Parties have invested and may continue to invest in investments that would also be appropriate for Clients. Such investments may be different from those made on behalf of Clients. No related advisor nor any Related Party has any duty, in making or maintaining such investments, to act in a way that is favorable to Clients or to offer any such opportunity to Clients, subject to volofin Capital Management's allocation policy and personal trading policy. The investment policies, fee arrangements, and other circumstances applicable to such other parties may vary from those applicable to Clients. Any Related Party may also provide advisory or other services for a customary fee with respect to investments made or held by Clients, and no stockholders nor Clients shall have any right to such fees except to the extent the governing documents of the applicable Client expressly provide otherwise. Any Related Party may also have ongoing relationships with, render services to, or engage in transactions with other Clients, who make investments of a similar nature to those of Clients, and with companies whose securities or properties are acquired by Clients and may own equity or debt securities issued by Clients. In connection with the foregoing activities any Related Party may from time to time come into possession of material nonpublic information that limits the ability of volofin Capital Management to effect a transaction for Clients, and Client investments may be constrained as a consequence of volofin Capital Management's inability to use such information for advisory purposes or otherwise to effect transactions that otherwise may have been initiated on behalf of its Clients.

Although the professional staff of volofin Capital Management will devote as much time to Clients as they deem appropriate to perform their duties, the staff may have conflicts in allocating its time and services among Client accounts.

The directors, officers, employees, and agents of the Related Parties may, subject to applicable law, serve as directors (whether supervisory or managing), officers, employees, partners, agents, nominees, or signatories, and receive arm's length fees in connection with such service, for Clients or any Related Party, or for any Client joint ventures or any affiliate thereof, and no Clients nor their stockholders shall have the right to any such fees except to the extent the governing documents of the applicable Client expressly provide otherwise.

The Related Parties serve or may serve as officers, directors, or principals of entities that operate in the same or a related line of business as Clients, or of other investment funds managed by volofin Capital Management. In serving in these multiple capacities, they may have obligations to other Clients or investors in those entities, the fulfillment of which may not be in the best interests of Clients or their stockholders.

Clients may compete with other entities managed by volofin Capital Management for capital and investment opportunities.

There is no limitation or restriction on volofin Capital Management with regard to acting as investment manager (or in a similar role) to other parties or persons. This and other future activities of Related Parties may give rise to additional conflicts of interest. Such conflicts may be related to obligations that volofin Capital Management or its affiliates have to other Clients.

**Approach to Other Potential Conflicts:** Various parts of this Brochure discuss potential conflicts of interest that arise from volofin Capital Management's asset management business model. volofin Capital Management discloses these conflicts due to the fiduciary relationship with its investment advisory Clients. As a fiduciary, volofin Capital Management owes its investment advisory Clients a duty of loyalty. This includes the duty to address, or at minimum disclose, conflicts of interest that may exist between different Clients; between volofin Capital Management and Clients; or between its employees and its Clients. Where potential conflicts arise, volofin Capital Management will take steps to mitigate, or at least disclose, them. Conflicts that volofin Capital Management cannot avoid (or chose not to avoid) are mitigated through written policies that volofin Capital Management believes protect the interests of its Clients as a whole. In these cases – which include issues such as personal trading and Client entertainment – regulators have generally prescribed detailed rules or principles for investment firms to follow. By complying with these rules, using robust compliance practices, volofin Capital Management believes that it has handled these conflicts appropriately. These interactions are not static; volofin Capital Management's business is continually evolving and changes in volofin Capital Management's activities can lead to new potential conflicts. volofin Capital Management reviews its policies and procedures on an ongoing basis to evaluate their effectiveness and update them as appropriate.



## Item 12 Brokerage Practices

Generally, volofin Capital Management receives non-discretionary investment authority from its Clients at the outset of an investment advisory relationship. Subject to each Client's respective governing documents, volofin Capital Management generally does not have the discretionary authority to determine the type, amount, and price of securities and investments to be bought and sold on behalf of each Client, including the selection of, and if applicable commissions paid to, counterparties.

### Counterparty Selection

volofin Capital Management seeks to execute Aviation Investment Asset transactions on behalf of its Clients in a manner that is fair and equitable to all Clients, and to exercise diligence and care throughout the Aviation Investment Asset transaction process. In placing portfolio Aviation Investment Asset transactions, volofin Capital Management uses reasonable diligence to ascertain the "best" market price for all securities bought or sold in that market so that the price to the Client is as favorable as possible under prevailing market conditions. The determinative factor is whether the Aviation Investment Asset transaction represents the best qualitative execution for the Client and not whether the lowest possible commission cost is obtained. volofin Capital Management considers the full range of quality of the broker's service in selecting brokers to meet best execution obligations and may not pay the lowest commission rates available. volofin Capital Management generally takes the following factors into account in selecting brokers for portfolio transactions:

- (i) the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- (ii) the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution;
- (iii) the financial strength, integrity and stability of the broker;
- (iv) the broker firm's risk in positioning a block of securities;
- (v) the quality, comprehensiveness and frequency of available research services considered to be of value; and
- (vi) the competitiveness of commission rates in comparison with other brokers satisfying volofin Capital Management's other selection criteria.

volofin Capital Management may not weigh any of these factors equally.

volofin Capital Management primarily pursues Aviation Investment Asset transactions on behalf of its Clients in securities issued by privately held aviation companies, which primarily consist of senior and junior secured and unsecured loans, unitranche loans and other asset-based loans, leasing loans, receivables loans, consumer loans, mezzanine loans, stressed and distressed debt, investment and non-investment grade credit, structured debt and equity, and other types of securitized debt tranches of aviation companies. Transactions in such securities are typically privately negotiated and will not require the use of brokers or the payment of brokerage commissions. However, in certain circumstances an assignment fee may be charged by the administrative agent for a particular loan, and fees may be payable when buying and selling aviation loans.

### **Soft-Dollars Arrangements**

As of the date of this Brochure, volofin Capital Management does not engage in soft dollar arrangements, including participate in any soft dollar relationships with other firms for research or any other service. Section 28(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is a “safe harbor” that permits an investment manager to use commissions or “soft dollars” to obtain research and brokerage services that provide lawful and appropriate assistance in the investment decision-making process. volofin Capital Management will limit the use of “soft dollars” to obtain research and brokerage services to services which constitute research and brokerage within the meaning of Section 28(e).

### **Brokerage for Client Referrals**

volofin Capital Management does not consider, in selecting a broker-dealer, whether volofin Capital Management or an affiliate receives Client or investor referrals from that broker-dealer.

### **Directed Brokerage**

volofin Capital Management does not routinely recommend, request or require that a Client direct volofin Capital Management to execute transactions through a specified broker-dealer. Generally, volofin Capital Management does not accept Clients who require transactions be executed through a specified broker-dealer. However, Clients may recommend volofin Capital Management uses their preferred broker-dealer(s). volofin Capital Management will use such broker-dealer(s) subject to its determination that said broker-dealer provides best execution of the Client transactions. In a situation where a Client directs volofin Capital Management to place trades with a particular broker-dealer, volofin Capital Management may not be free to seek the best price, volume discounts or best execution by placing transactions with other broker-dealers. Additionally, as a result of directing volofin Capital Management to place trades with a particular broker-dealer, a disparity in commission charges may exist between the commissions charged to Clients who direct volofin Capital Management to use a particular broker-dealer and those Clients who do not direct volofin Capital Management to use a particular broker-dealer as well as a disparity among the brokers to which different Clients have directed trades.

### **Order Aggregation**

If volofin Capital Management determines that the purchase or sale of the same security is in the best interest of more than one Client, volofin Capital Management may, but is not obligated to, aggregate orders in order to reduce transaction costs to the extent permitted by applicable law. When an aggregated order is filled through multiple trades at different prices on the same day, each participating Client will receive the average price with transaction costs allocated pro rata based on the size of each Client’s participation in the order (or allocation in the event of a partial fill) as determined by volofin Capital Management. In the event of a partial fill, allocations generally will be made pro rata based on the initial order, but may be modified on a basis that volofin Capital Management deems to be appropriate, including, for example, in order to avoid odd lots or de minimis allocations. This may result in allocations of certain investments on other than a *pari-passu* basis.

## Item 13 Review of Accounts

volofin Capital Management's senior investment professionals have the responsibility to exercise and maintain prudent supervision and control of the Client's portfolio of Aviation Investment Assets. volofin Capital Management's senior investment professionals are responsible for overseeing the investment process from the origination of each Aviation Investment Asset transaction (including deal sourcing, underwriting and acquisition), through asset management and ultimately the realization of the Aviation Investment Asset.

volofin Capital Management's senior investment professionals review Client portfolios on a regular basis. Due to the long holding periods and low turnover of typical Aviation Investment Assets in addition to the static nature of Aviation Investment Assets after they are acquired, investment professionals review a Client's portfolio of Aviation Investment Assets on a weekly, quarterly, or as needed basis depending on the type or status of the Aviation Investment Asset. Senior investment professionals also review all Client Aviation Investment Assets informally on a continual basis. Client portfolios are reviewed periodically by volofin Capital Management to ensure that the investment policies, guidelines, and objectives of the Client's general investment strategy are achieved and attained per the Client's governing documents and volofin Capital Management's policy.

In monitoring a Client's portfolio of Aviation Investment Assets, volofin Capital Management's investment professionals ensure (i) the management of Aviation Investment Assets and capital actions are consistent and comply with attainment of the Client's investment policy, objectives and strategy goals, and (ii) the Client's portfolio is in compliance with legal and regulatory requirements. volofin Capital Management does not utilize any specific criteria to trigger a review of Clients' portfolios of Aviation Investment Assets other than regular periodic reviews.

volofin Capital Management's senior investment professionals is comprised of Messrs. Bob Peart, Robert D. Jack and Stewart G.B. Tanner.

### **Nature and Frequency of Reporting**

Generally, each Client's qualified custodians prepare monthly custodian and compliance reports. Additionally, volofin Capital Management may prepare periodic investor letters, portfolio profile summaries and pro forma results to supplement and further clarify any trustee reports.

**Clients are urged to compare any account statements that they receive from volofin Capital Management with the account statements that it receives from its qualified custodians.**

## Item 14 Client Referrals and Other Compensation

volofin Capital Management does not receive any economic benefits, including sales awards or prizes, from non-clients for providing investment advice and other advisory services.

Currently volofin Capital Management nor its affiliates directly or indirectly compensate any third-party for advisory client referrals (each a “Solicitor”). In the event volofin Capital Management desires to engage a third-party Solicitor in the future to solicit prospective advisory clients, such third-party client solicitation arrangements will be made in compliance with Rule 206(4)-3 of the Advisers Act (the “Cash Solicitation Rule”), which requires that, among other things, compensation to a Solicitor be made pursuant to a written agreement and, for third-party Solicitor arrangements, that the Solicitor provide to each person solicited for volofin Capital Management’s advisory services, a written disclosure statement (the “Solicitor’s Disclosure Statement”) and current copy this Brochure.

Additionally, volofin Capital Management nor its affiliates directly or indirectly compensate any third-party for referring investors into the Clients (*e.g.*, pooled investment vehicle) (each a “Placement Agent”). In the event volofin Capital Management desires to engage a third-party Placement Agent in the future to solicit and refer prospective investors into the Clients, such third-party Placement Agent arrangements will be fully disclosed to affected investors and will generally be consistent with the requirements of the Cash Solicitation Rule under the Advisers Act, which only applies to the solicitation of Clients and not investors. Generally, the terms of such arrangements will vary but call for volofin Capital Management to pay the Placement Agent a fee equal to a percentage of capital contributions, Management Fees, incentive fees, incentive allocations, or a combination of such contributions or fees borne by each investor introduced to a Client by the Placement Agent.

## Item 15 Custody

volofin Capital Management does not serve, and has no intention to serve, as custodian of Client accounts. volofin Capital Management does not act as custodian for Client assets. volofin Capital Management maintains Client assets with a qualified custodian as defined in Rule 206(4)-2 of the Advisers Act.

Clients will receive account statements monthly or quarterly from their broker-dealer, bank, or other qualified custodian and should carefully review those statements and, to the extent volofin Capital Management also delivers statements to such Clients, compare volofin Capital Management's statement to the statements of the qualified custodian. For tax and other purposes, the custodial statement is the official record of a Client's account and assets. Statements received from volofin Capital Management may vary from the custodial statements based on accounting procedures, reporting dates or valuation methodologies for certain securities. See *Item 13 – Review of Accounts* of this Brochure for more information about volofin Capital Management's account statements.

Since volofin Capital Management does not act as a custodian for Client assets, each Client must select a custodian and may be required to pay custodian fees. Also, Clients will incur brokerage and other transaction costs in the course of volofin Capital Management's management of their accounts. Clients will receive account statement from one or more qualified custodians covering the assets and securities in their account(s).

## **Item 16 Investment Discretion**

volofin Capital Management generally has non-discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Client, including the selection of, and commissions paid to, broker-dealers. This non-discretionary authority is subject to the investment objectives, policies and restrictions as set forth in the governing documents of each such Client. For volofin Capital Management to assume such non-discretionary authority, each investor must complete the appropriate Client subscription documents or a Management Agreement prior to the establishment of an advisory relationship granting such authority.



## Item 17 Voting Client Securities

### Proxy Voting Authority

Due to the nature of volofin Capital Management's business, it will be rare that volofin Capital Management will be asked to vote a proxy for a publicly traded equity security held on behalf of a Client. Nevertheless, volofin Capital Management has written proxy voting policies and procedures consistent with Rule 206(4)-6 under the Advisers Act. Pursuant to these policies, volofin Capital Management votes proxies in the best economic interest of its Clients over the long term as determined by volofin Capital Management in its reasonable discretion.

It is more likely that volofin Capital Management is asked to consent to waivers or amendments to credit agreements or make elections with respect to corporate reorganizations. When evaluating such requests, volofin Capital Management generally acts in a manner designed to serve the best economic interests of its Clients or avoid a negative impact on such Clients, as determined by volofin Capital Management in its reasonable discretion, taking into account, as relevant, the impact on the value of the Client's Aviation Investment Assets, anticipated costs and benefits, amendment fees, standard industry and business practices, and potential conflicts of interest. volofin Capital Management does not consider the Clients' receipt of amendment fees from obligors or borrowers as a material conflict of interest when making decisions to consent or agree to amendments with respect to such Aviation Investment Assets. If volofin Capital Management does not believe the exercise of a consent will have a material impact on the Client(s) or the underlying credit or that the cost and time commitment required to process the amendments outweighs the benefits of consenting to or withholding consent to a loan amendment, volofin Capital Management, in its discretion, may abstain or not respond.

In the event, volofin Capital Management uses the services of a third-party service provider to process its actions on loan amendments and other corporate actions, including proxies, such service provider's fees and expenses, if any, are expected to be borne by Clients subject to Governing Documents.

A copy of volofin Capital Management's proxy voting policy and procedures and or information regarding proxy votes is available to Clients and investors in Clients, at no cost upon request made to volofin Capital Management at the contact details listed on the first page of this Brochure.

Given its primary focus on Aviation Investment Assets, it is rare that volofin Capital Management will be eligible to participate in class action litigation. Only where expressly directed by governing documents, volofin Capital Management will determine whether a Client will participate in a recovery achieved through a class action, or opt out of the class action and separately pursue another remedy. In the absence of such express direction, volofin Capital Management does not expect to participate in class actions on behalf of Clients.

## **Item 18 Financial Information**

volofin Capital Management does not solicit prepayment of more than \$1,200 in fees per Client six months or more in advance, and thus has not provided a balance sheet according to the specifications of 17 CFR Parts 275 and 279. There is no financial condition that is reasonably likely to occur that would impair volofin Capital Management's ability to meet contractual commitments to Clients. volofin Capital Management has not been the subject of a bankruptcy petition during the past ten years.