

Sycamore Tree Capital Partners, L.P.

PART 2A OF FORM ADV: FIRM BROCHURE ("Brochure")

2101 Cedar Springs Road, Suite 1250

Dallas, Texas 75201

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This brochure provides information about the qualifications and business practices of Sycamore Tree Capital Partners, L.P. If you have any questions about the contents of this brochure, please contact Brad Borud, Chief Compliance Officer at (214) 251-8254 or bborud@sycamorelp.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Any reference to Sycamore Tree Capital Partners, L.P. as a registered investment adviser does not imply a certain level of skill or training.

Additional information about Sycamore Tree Capital Partners, L.P. is also available on the SEC's website at www.adviserinfo.sec.gov.

Item 2: Material Changes

This Brochure is Sycamore Tree Capital Partners, L.P.'s initial Form ADV Part 2A, which has been submitted with our application for registration with the SEC. In the future, if this Brochure contains material changes from our last update, we will identify and discuss those changes.

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Item 4: Advisory Business

Item 4.A.

Sycamore Tree Capital Partners, L.P. ("**Sycamore Tree**" or the "**Firm**"), founded in October 2019, is a Delaware limited partnership with its principal place of business in Dallas, Texas. Sycamore Tree is materially owned by, directly and indirectly, Mark Okada, John (Jack) Yang, and Lee (Trey) Parker.

Sycamore Tree serves as an investment manager and provides investment advisory services on a discretionary basis to a privately offered pooled investment vehicle, Sycamore Tree Opportunistic Credit Fund, LP (the "**Fund**"), a Delaware limited partnership. Sycamore Tree Opportunistic Fund GP, LLC (the "**General Partner**") serves as general partner to the Fund.

Item 4.B.

Sycamore Tree provides investment advisory services to the Fund's portfolio based on the particular investment objectives and strategies described in the Fund's confidential offering memorandum, limited partnership agreement and other governing documents (referred to collectively as "**Offering Documents**"). The Fund's investment objective is to seek to generate attractive absolute and risk-adjusted returns by investing in U.S. dollar-denominated, tradeable senior corporate loans and bonds of U.S. companies and debt and equity securities of CLO issuers.

Item 4.C.

Sycamore Tree's investment management and advisory services to the Fund are provided pursuant to the terms of the Offering Documents and investors in the Funds cannot obtain services tailored to their individual specific needs.

Item 4.D.

Sycamore Tree does not participate in a wrap fee program.

Item 4.E.

As of December 31, 2021, Sycamore Tree manages approximately \$22,477,383 in client assets on a discretionary basis. Sycamore Tree does not manage any client's assets on a non-discretionary basis.

Item 5: Fees and Compensation

Item 5.A.

The fees and expenses associated with an investment in the Fund are described in detail in the Fund's Offering Documents. Sycamore Tree may, in its sole discretion, manage other funds with higher or lower fees, different fee structures and different expense payment arrangements than the Fund.

Applicable management fees are paid monthly in advance and tiered on a declining rate based on the amount invested. The management fee will vary between 0.50%, 0.75%, and 1.00% per annum

Sycamore Tree or its affiliate is also entitled to receive performance-based compensation from the Fund in the form of an incentive allocation equal to 15% multiplied by the realized and unrealized net profits

for such calendar year or portion thereof, as applicable, provided the return exceeds a hurdle rate applicable to each investor and may vary depending on the investor's inception date. For investors with interests with an inception date on January 1, 2022, the hurdle rate is equal to a 6% annualized rate of return since the later of the inception date for such interest, and the date of the most recent incentive allocation paid with respect to such interest. Please review the distribution terms of the Fund's Offering Documents for full details, which may differ from the above.

Item 5.B.

Sycamore Tree is authorized to deduct management fees and performance fees, if any, directly from the Fund, and in effect, the investors' capital accounts. Fees are collected at the frequency described in 5.A.

Item 5.C.

Other Fees and Expenses

In addition to paying investment management fees and performance-based compensation, the Fund (and, indirectly, the investors therein) will pay such additional expenses as are disclosed in the Funds' applicable Offering Documents. These expenses include, among others: (a) in connection with any proposed investment (whether or not consummated) and any temporary investments, costs and expenses of the identification, investigation, development, acquisition or consummation, ownership, maintenance, monitoring, hedging or disposition thereof, including legal, tax (other than taxes required to be withheld or paid on behalf of or with respect to any investor or the General Partner), accounting and third-party appraisal and valuation expenses; (b) due diligence, sales and brokerage commissions, loan origination and servicing fees and other costs incurred in connection with any investment, including clearing and settlement charges, private placement fees, syndication fees, solicitation fees, arranger fees, pricing and valuation fees, underwriting commissions and discounts, interest and commitment fees, investment banking fees, transaction fees, break-up fees, advisory fees, bank charges, other investment costs and other closing, execution and transaction costs, custodial, trustee, transfer agent, recordkeeping and other administrative fees, costs and expenses; collateral management fees, facility fees, float fees or similar fees; (c) fees, costs and expenses incurred in obtaining research and other information for the benefit of the Fund, including information service subscriptions, as well as expenses incurred to operate and maintain market information systems and information technology systems used to obtain such research and other information; (d) fees, costs and expenses incurred in developing, implementing or maintaining computer software and technological systems for the benefit of the Fund, investors, and its investments and potential investments; (e) fees, costs and expenses (including legal fees and expenses) incurred to comply with any applicable law, rule or regulation (including licensing or regulatory filings or other expenses of the Fund, the General Partner or the Firm, including Form PF filings and any compliance or filings related to the European Alternative Investment Fund Firms Directive) or incurred in connection with any governmental inquiry, investigation or proceeding involving the Fund (including the amount of any judgments, settlements or fines paid in connection therewith); (f) all travel expenses, accommodations, meals, events and entertainment of investment professionals and other individuals employed by or agents of the Firm, related to or arising from the discovery, investigation, development, acquisition or consummation, ownership, maintenance, monitoring, hedging or disposition of investments, including potential investments, and attending conferences in connection with the evaluation of future investments or business sector opportunities (including the evaluation of potential investments, irrespective of whether any such investment is ultimately consummated); (g) communication expenses with respect to investor services and expenses of preparing and distributing financial and other reports and tax filings and documents; (h) third party professional and advisory fees

and other costs and expenses related to regulatory filings and other transactional legal matters of the Fund, including costs related to amendments or other modifications to any Fund document; (i) the fees and expenses of litigation (including expenses incurred in connection with the investigation, prosecution, defense, judgment or settlement of litigation), insurance (including the Firm's group insurance policy, general partner's, directors' and officers' liability or other similar insurance policies, errors and omissions insurance, financial institution bond insurance and any other insurance for coverage of liabilities to any person that are incurred in connection with the activities of the Fund), and indemnification, damages and other costs and expenses that are classified as extraordinary expenses under GAAP; (j) costs of winding up and liquidating the Fund, and any portfolio vehicle of the Fund; (k) interest arising from any hedging activities and/or a subscription financing facility; (l) administration of any side letter (including any "most favored nations" election process); (m) any placement agent commissions and fees; and (n) all other operating expenses of the Fund.

Sycamore Tree will bear its own operating, general, administrative and overhead costs and expenses, other than the expenses described above.

Please refer to Item 12 of this Brochure for a discussion of Sycamore Tree's brokerage practices.

It is important that investors refer to the relevant Offering Documents for a complete understanding of expenses and fees they may pay through an investment in the Fund. The information contained in this Item 5 is a summary only and is qualified in its entirety by such documents.

Item 5.D.

As discussed in Item 5.A., the management fee is generally payable monthly.

Item 5.E.

Not Applicable. Neither Sycamore Tree nor its supervised persons are compensated for the sale of securities or other investment products.

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

Sycamore Tree understands that there exist certain potential conflicts of interest associated with the presence of a performance-based fee. Such a fee may create an incentive for Sycamore Tree to cause the Fund to make investments that are riskier or more speculative than would be the case if there were no performance-based fee. However, Sycamore Tree will manage the Fund in accordance with its investment strategy and any restrictions set forth in the Fund's Offering Documents so that investors are aware of the applicable investment strategy, restrictions, and risks. Additionally, Sycamore Tree has adopted a Code of Ethics that addresses potential conflicts of interests and requires, in any situation where the interests of Sycamore Tree's clients are at stake, the client should be treated fairly and have priority over the economic interests of employees or Sycamore Tree. In addition, Sycamore Tree understands that the provision of advisory services to multiple clients could also create a potential conflict of interest to favor clients to whom higher advisory and performance fees are charged. However, as stated above, Sycamore Tree will advise each client in accordance with its advisory agreement and governing documents and strives to ensure that all clients are treated fairly and equally.

Item 7: Types of Clients

Sycamore Tree provides discretionary investment management services to a privately-offered, pooled investment vehicle, as described above in Item 4.B, which is intended for investment by private placement by qualified investors (the “Investors”). The respective minimum initial and subsequent subscription amounts are detailed within the Offering Documents. Sycamore Tree may, in its sole discretion, elect to reduce or waive the minimum threshold for subscription amounts with respect to any investor.

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

Item 8.A.

The investment objective is discussed in response to Item 4.B. An investment in the Fund involves significant risks and is suitable only for Investors who can bear the economic risk of the loss of their entire investment and who have limited need for liquidity in their investment. There can be no assurance that the Fund will achieve its investment objectives. Each prospective Investor should carefully review the Offering Documents and the agreements referred to therein prior to deciding to invest in the Fund.

Item 8.B. and Item 8.C.

The following summary identifies the material risks related to Sycamore Tree’s investment strategy and should be carefully evaluated before making an investment; however, the following does not intend to identify all possible risks of an investment with Sycamore Tree or provide a full description of the identified risks. Prospective Investors should also carefully review the risks described in the applicable Offering Documents:

General Risk Factors

Market Risks

The Firm’s investment strategies are subject to market risk. The Fund can only be successful if the Firm is able to invest successfully and efficiently, and there can be no assurance that this will be the case. There can be no assurance that what is perceived as an investment opportunity will not, in fact, result in substantial losses due to one or more of a wide variety of factors. Certain general market conditions, such as an unanticipated increase or decrease in the volatility or an increase in the pricing inefficiencies of the markets in which the Fund is active, among other factors, could materially reduce the Fund’s profit potential or lead to substantial losses. Additionally, unanticipated illiquidity in a market could lead to substantial losses. The current economic and financial crises associated with COVID-19 (defined below) could well exacerbate the kinds of market and liquidity risks referred to above.

Market Disruptions and other Impacts of Force Majeure Events

Financial markets can be adversely impacted by force majeure events (also commonly referred to as “acts of God”), such as terrorist acts, acts of war, severe weather incidents, earthquakes, or epidemic, pandemics or other human health crises. Such force majeure events generally arise unexpectedly and have the potential to cause significant capital losses or disruption to businesses and economies for an extended period of time. In addition to such triggering events themselves, measures taken by the governments of affected countries against actual or potential threats, incidents or outbreaks can result in or increase disruption to financial markets and systems. Such force majeure events, or the applicable government responses (or the possibility of same), could have an adverse effect on the Fund’s

performance in the event that investors respond by selling of investment assets in a panicked manner. While the current dislocation of the credit markets that is associated with the current COVID-19 pandemic is the source of the opportunity and strategy of the Fund, how the pandemic and current credit market dislocation will unfold – and the risks inherent in managing the Fund related to that – are uncertain and difficult to anticipate.

COVID-19

The value of the Fund's investment portfolio may decline due to disruptions caused by the spread of large-scale epidemics and pandemics. The ongoing global and national health crises caused by the global outbreak of the novel coronavirus resulting in the disease known as "**COVID-19**," and the governmental and social responses intended to minimize its impact, have caused significant disruption of the global and national economies and instability in the financial markets. Further outbreaks of COVID-19 could cause additional, extended or more restrictive quarantines, business and school shutdowns, mass cancellations of events and travel, substantial reductions in consumer demand and the volume of business activity and financial transactions, labor shortages, further supply chain and distribution channel interruptions, and disruptions in the provision of healthcare services, any of which may contribute to economic and financial market instability.

In addition to contributing to general economic disruptions and financial market instability, the COVID-19 pandemic may adversely affect underlying portfolio companies more directly, including by negatively impacting (i) their respective operating statuses and their employees, (ii) their supply chains and distribution channels, (iii) the ability of their customers to conduct business with them, and (iv) the industries in which they operate generally, all of which could have a significant impact on their financial conditions. Issuers may experience reduced cash flows and the loss of key employees due to decreased demand for products or services.

The extent to which the COVID-19 pandemic will continue to cause economic disruptions and financial market volatility and instability and adversely impact the Fund will depend on future developments, which are highly uncertain and cannot be predicted, including the scope and duration of outbreaks of COVID-19 and new and continued actions taken by governmental authorities to reduce the spread of COVID-19 and contain the related financial and economic impact of the pandemic. The same or similar risks may apply to any future pandemics and epidemics.

Investment Environment

While the current investment environment offers many opportunities to the Fund, this environment also brings many uncertainties and risks, such as the following:

The credit markets have experienced significant dislocations, illiquidity and volatility, in particular in the leveraged loan, high-yield bond markets, CLO and structured credit sectors. These disruptions will likely have a direct or indirect negative effect on a wide range of companies and may increase the likelihood that such companies will be unable to make principal and interest payments on, or refinance, outstanding debt when due. Interest rates and general levels of economic activity may affect the value and number of investments made by the Fund or considered for prospective investment.

The activities of the Fund and its investments could be materially adversely affected by the instability in the U.S. or global financial markets, or changes in market, economic, political or regulatory conditions, as well as by numerous other factors. In addition, recent and current disruptions in the global credit markets

have affected the price of, as well as the ability to make, certain types of investments, and there can be no assurance that these disruptions will not continue or worsen in the future.

The existence of such events has had, and the continuation or worsening of any such events, or other similar or dissimilar events, may have or continue to have, a material adverse effect on the availability of credit to businesses generally and may lead to further overall weakening.

The situation described above and the events that come from it are outside the control of the General Partner, the Firm or their respective affiliates. As a result, the Fund could lose both invested capital in, and anticipated profits from, any affected investments.

Limited Regulatory Oversight

The Fund is not registered as an investment company under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”), and instead relies on exemptions therefrom, and the offering of interests is not being registered with the SEC. Accordingly, the provisions of such regulations, which among other things generally require investment companies to have a majority of disinterested directors, require securities held in custody at all times to be maintained in segregated accounts and regulate the relationship between the investment company and its asset manager, are not applicable to an investment in the Fund. However, if the Fund was to become subject to the Investment Company Act because of a change in law or otherwise, the various restrictions imposed by the Investment Company Act and the substantial costs and burdens of compliance therewith would increase the compliance and other costs of the Fund and Firm and could adversely affect the operating results and financial performance of the Fund. Moreover, parties to a contract with an entity that has improperly failed to register as an investment company under the Investment Company Act may be entitled to cancel or otherwise void their contracts with the unregistered investment company. In addition, investors in the Fund will not have the benefit of the Offering Documents having been reviewed and commented on by the SEC and the protections that come from such a public registration with the SEC under the Securities Act of 1933, as amended (the “**Securities Act**”). Neither the General Partner nor the Firm is subject to regulation in any non-U.S. jurisdiction. As a result, investors in the Fund will not have the benefit of the protections of the Investment Company Act, the Securities Act or other, non-U.S. laws and regulations.

Competition

The activities in which the Fund engages are highly competitive. There can be no assurance that the Fund will be able to compete successfully against a broad array of competitors, some of which are already established and have substantial amounts of committed capital. In particular, many of the Fund’s competitors are already funded and active in the market, including in their attempt to take advantage of the dislocation in the credit markets. In the event that the current market disruptions prove to be short-lived, the Fund may have reduced opportunities available to it, as compared to those which are available to its competitors. There can be no assurances that there will be a sufficient number of suitable investment opportunities to enable the Fund to invest all of its committed capital in opportunities that satisfy its investment objective, or that such investment opportunities will lead to completed investments by the Fund. Additionally, identification of attractive investment opportunities generally will be subject to market conditions. These factors described here may make it difficult for the Fund to achieve its objectives.

Unspecified Use of Proceeds and Exit Strategies

Investors in the Fund will not have an opportunity to evaluate for themselves the relevant economic, financial and other information regarding the investments that the Firm considers making for the Fund or that it actually makes for the Fund. No assurance can be given that the Fund will be successful in obtaining suitable investments or that, if the investments are made, the objectives of the Fund will be achieved.

Potentially Subjective Valuation of Fund's Assets

The General Partner has a valuation policy that provides for the valuation methodology to be used in the valuation of the assets of the Fund. Under the valuation policy, the Firm has broad latitude in determining the fair value of the Fund's assets. This involves judgments that are inherently subjective and inexact, since fair valuation procedures are used only when it is not possible to be sure what value should be attributed to a particular asset or when an event will affect the market price of an asset and to what extent. The General Partner's judgment as to the fair value of Fund assets is predicated on a variety of assumptions and estimates that may ultimately prove to be incorrect, causing unanticipated increases or decreases in the Fund's net asset value in future periods. Furthermore, because there may be significant uncertainty in the valuation of the Fund's illiquid investments (either because of the nature of such illiquid investments or the size of the investment), the fair values of such illiquid investments as reflected in the Fund's net asset value may not reflect the price that would actually be realized if those illiquid investments were actually to be disposed. As a result, there can be no assurance that fair value pricing will reflect actual market value and it is possible that the fair value determined for an investment will be materially different from the value that actually could be or is realized upon the sale of that asset. The Fund is not required to make retroactive adjustments to prior investment transactions, management fees or incentive allocations based on subsequent valuation data.

Valuations of Collateral

A component of the Firm's analysis of the desirability of making a given investment relates to the estimated residual or recovery value of such investments in the event of the insolvency of the company. This residual or recovery value will be driven primarily by the value of the anticipated future cash flows of the company's business and by the value of any underlying assets constituting the collateral for such investment. The anticipated future cash flows of the company's business and the value of collateral can, however, be extremely difficult to predict as in certain circumstances market quotations and third party pricing information may not be available. If the recovery value of the collateral associated with the investments in which the Fund or a company or CLO issuer invests decreases or is materially worse than expected by the Fund, the company or a CLO issuer (as applicable), such a decrease or deficiency may affect the value of the investments made by the Fund, the company or a CLO issuer. Accordingly, there will be an adverse effect on the performance of the company or CLO issuer and/or the Fund.

Passive Investment

Fund interests are generally passive investments. Investors are precluded from participating in the Fund's management and must rely on the General Partner and the Firm to manage and conduct the affairs of the Fund.

Reliance on the Firm

Neither the Fund nor the General Partner has employees. The Fund must rely on the Firm's management, and the administrative and investment-related services provided by the Firm and its affiliates. The

performance of the Fund depends to a large degree on the efforts of the individuals employed by the Firm and its affiliates, and competition among alternative firms is intense for the highly skilled individuals. Investors will have no opportunity to control the day-to-day operations, including investment and disposition decisions, of the Fund. In order to safeguard their limited liability, Investors will be relying entirely on the General Partner, and the Firm, to manage the business of the Fund. There can be no assurance that the Firm's key investment professionals will continue to be associated with or employed by the Firm and its affiliates throughout the life of the Fund. The loss of one or more of these individuals could have a material adverse effect on the performance of the Fund. There can be no assurance that Firm personnel will not be solicited by and join competitors or other firms and/or that the Firm will be able to hire and retain any new personnel that it seeks to maintain or add to its roster of investment professionals. Any circumstances that might result in a diminution of service levels provided to the Fund by the Firm and its affiliates could materially adversely affect the Fund and its performance. Certain investment professionals responsible for the activities undertaken on behalf of the Fund have other responsibilities on behalf of the Firm and its affiliates and conflicts of interest may arise as a result in the allocation of personnel.

Should the Firm cease to act as investment advisor of the Fund, no assurance can be given that the Fund would be able to find and recruit a replacement investment advisor with similar experience, credibility and access to intellectual property and investment talent or as to the length of time the search for a replacement would take. Any delay in finding other investment advisors could adversely impact the achievement by the Fund of its investment objectives.

Side Letters

As a result of any side letters, certain Investors may receive additional benefits (including, but not limited to, reduced fee obligations and/or expanded informational rights) that other Investors will not receive. The General Partner, the Firm and the Fund will not be required to notify any or all of the other Investors of any such side letters or any of the rights and/or terms or provisions thereof, nor will the Fund be required to offer such additional and/or different rights and/or terms to any or all of the other Investors. The General Partner, the Firm or the Fund may enter into such side letters with any party as the Fund may determine in its sole and absolute discretion at any time. The other Investors will have no recourse against the Fund, the General Partner, the Firm and/or any of their affiliates in the event that certain Investors receive additional and/or different rights and/or terms as a result of such side letters.

Indemnification

The Fund, except in certain circumstances, will be required to indemnify the General Partner, the Firm, their affiliates, and each of their respective members, managers, officers, directors, employees, shareholders, partners, members of the advisory committee, and other persons for performing their duties or obligations for or on behalf of the Fund. As a result of these provisions, the Fund (and not the Firm or its affiliates, including the General Partner) will be responsible for any losses resulting from trading errors and similar human errors, absent gross negligence or willful misconduct or the inability to waive or limit such losses under applicable law. Trading errors might include, for example, keystroke errors that occur when entering trades into an electronic trading system or typographical or drafting errors related to derivatives contracts or similar agreements. These indemnification liabilities may be material. The indemnification obligations of the Fund would be payable from its assets, including the undrawn commitments of the Investors. In addition, if the assets of the Fund are insufficient, the General Partner may recall distributions previously made to the Investors, subject to certain limitations set forth in the partnership agreement. Such obligations will survive the dissolution of the Fund.

Removal of the General Partner

If, pursuant to and in accordance with the terms of the Partnership Agreement, the General Partner is removed by the Investors and a successor general partner is appointed that is not an affiliate of the removed general partner, the General Partner will no longer be involved in the management or control of the business of the Fund. Therefore, there can be no certainty regarding the Fund's ability to consummate investment opportunities thereafter.

Diverse Investor Group

Investors may include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such Investors may have conflicting investment, tax, and other interests with respect to their investments in the Fund. The conflicting interests of individual Investors may relate to or arise from, among other things, the nature of investments made by the Fund, the structuring of the acquisition of investments, and the timing of the disposition of investments and the various tax laws applicable to various Investors. As a consequence, conflicts of interest may arise in connection with decisions made by the General Partner, including with respect to the nature or structuring of investments, that may be more beneficial for one Investor than for another Investor, especially with respect to Investors' individual tax situations. Subject to specific provisions included in the partnership agreement, the General Partner generally will consider the investment and tax objectives of the Fund, the General Partner, and investors as a whole in making investments.

Advisory Committee

The General Partner will appoint one or more individuals not affiliated with the General Partner to the "Advisory Committee" to represent the interests of the Investors. The partnership agreement provides that to the fullest extent permitted by applicable law, none of the Advisory Committee members shall owe any fiduciary duties to the Fund or any Investor. Advisory Committee members may have interests different from Investors. In addition, representatives of the Advisory Committee may have various business and other relationships with Firm, the General Partner and their respective partners, employees, and affiliates. These relationships may influence their decisions as members of the Advisory Committee. Additionally, it is expected that, to the extent an Investor is affiliated with a member of the Advisory Committee, by virtue of such member's participation, such Investor may have more information about the Fund and portfolio investments in certain circumstances than other Investors generally and may be disseminated information in advance of communication to other Investors generally.

Conflicts Among Investors

The General Partner, the Firm or their affiliates may have a number of relationships with Investors in addition to such Investors' investments in the Fund, including services and/or financing provided by such Investors to the Fund and/or to the General Partner, the Firm and their affiliates. Such relationships may influence the General Partner's and/or the Firm's actions and determinations with respect to the Fund and/or Investors, and may create incentives for the General Partner and/or the Firm to place the interests of such Investors ahead of the interests of other investors in the Fund. For example, the General Partner may grant preferential terms to such Investors not given to other investors in the Fund.

Operations, Information Systems & Technology

The strategies employed by the Firm on behalf of the Fund are highly dependent on information systems and technology. Any failure or deterioration of these systems or technology due to human error,

telecommunication failures or other causes could materially disrupt the Fund's operations. The Firm relies on third-party service providers for certain aspects of its business, including certain financial operations of the Fund. Any interruption or deterioration in the performance of these third parties could impair the quality of the Fund's operations and negatively impact the investment strategies employed by the Firm on the Fund's behalf.

Cybersecurity

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and are expected to continue to increase in frequency in the future. If unauthorized parties gain access to such information and technology systems, or if personnel abuse or misuse their access privileges, they may be able to steal, publish, delete or modify private and sensitive information. The information and technology systems of the Fund, the Firm, their affiliates and their service providers may be vulnerable to damage or interruption from computer viruses and other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors or malfeasance by their respective professionals or service providers, power, communications or other service outages, and catastrophic events such as fires, tornadoes, floods, hurricanes, pandemic, earthquakes or terrorist incidents. Although the Firm has implemented, and service providers are expected to implement, various measures to manage risks relating to these types of events, such measures may be inadequate and, if compromised, information and technology systems could become inoperable for extended periods of time, cease to function properly, or fail to adequately secure private information. Even with sophisticated prevention and detection systems, breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified in a timely manner or at all, potentially resulting in further harm and precluding appropriate remediation. The Fund expects that it will have to make significant investments in its information technology and cybersecurity and may have to spend more to fix or replace information and technology systems. The failure of these systems and/or of business continuity and disaster recovery plans for any reason could cause significant interruptions in the operations of the Firm, the Fund and/or their service providers and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Investors (and their beneficial owners) and the intellectual property and trade secrets of the Firm and the Fund. Such a failure could harm the reputation of the Firm and/or the Fund, require them to make a significant investment to remedy the effects of any such failures, subject any such entity and their respective affiliates to legal claims and adverse publicity and otherwise affect their business and financial performance. When such issues are present with regard to the issuer of securities in which the Fund invests, those securities may lose value.

General Portfolio Risks

Risk Management

The Firm has established risk management processes to identify, measure and monitor risks associated with the investment activities undertaken on behalf of the Fund. The risk management processes are intended to assist the Firm in its investment decision-making process, and to identify risk exposures that the Firm may choose to mitigate. However, these risk management processes may fail to identify or anticipate a wide variety of risks that may adversely affect the Fund, potentially exposing the Fund to material unanticipated losses. In addition, the concentration of the Fund's portfolio in the CLO markets may make it particularly difficult for the Firm's risk management policies to operate as intended by limiting the diversification of the Fund's positions.

Firm's Use of Financial Projections and Modeling

The Firm may use financial projections and quantitative modelling, among other tools and resources, as part of its process of evaluating whether to make investments and how to evaluate existing investments.

With respect to financial projections, they are inherently subject to uncertainty and factors beyond the control of the Firm. The inaccuracy of certain assumptions, the accuracy and frequency of reporting by the company regarding its results and future prospects, the failure to satisfy certain financial requirements, the manifestation of known and unknown risks and uncertainties and the occurrence of other unforeseen events could impair the ability of an investment to realize projected values.

With respect to quantitative modeling, the Firm may develop and use quantitatively-based pricing theories as well as valuation and payment forecasting models to evaluate investment opportunities and how to manage existing investments. These models generally seek to forecast future price changes based upon a limited number of factors and inputs. The forecasts generated by these models may differ substantially from actual future price realizations, resulting in major losses. There can be no assurance that the models used by the Firm on behalf of the Fund will be effective or that they will be effectively utilized by the Firm. Moreover, there can be no assurance that the Firm will be able to continue to develop, maintain and update the models which it uses. The evaluation of CLO debt securities, in particular, can involve statistical analysis of the underlying asset pools, their payment history as well as expected prepayment experience given various interest rate change scenarios. The current disruption in the credit markets has called into question the validity of historical statistics regarding these assets, materially increasing the uncertainty of this method of analyzing their value. Moreover, the correlation between prepayment experience and interest rates is complex, and reasonable market participants can, and do, differ on how to model this correlation. The Firm may rely in doing so on models which are inaccurate at least under current unprecedented market conditions.

Based on the above, the Firm's use of financial projections and quantitative modelling may lead to investment decisions that result in losses.

Potential Lack of Diversification

Except as summarized in the Offering Documents, the Fund is not under any other obligation to diversify the Fund's investments, whether by reference to the amount invested or the industries or geographical areas in which issuers operate. Accordingly, the investment portfolio of the Fund may be subject to more rapid changes in value than would be the case if the Fund were required to maintain a wide diversification among companies, industries and types of investments. Unfavorable performance by any number of investments could substantially adversely affect the aggregate returns realized by investors in the Fund.

Market Volatility

The prices of the securities and corporate loans owned and traded by the Fund can be volatile during certain, perhaps prolonged, periods. Market liquidity often falls in periods of market turmoil, dramatically increasing transaction costs for investors seeking to acquire or liquidate positions. Market volatility creates the risk of the positions held by the Fund being highly unprofitable on an interim basis, even if over time they would ultimately be profitable. Under certain market conditions, the Fund potentially may be forced to liquidate positions and to realize significant losses. In the event the Firm were to seek to liquidate the Fund's assets in a period of poor liquidity, the Fund could experience substantial losses, for example if seeking to raise cash to meet margin calls issued by counterparties. Securities often incorporate

an option component, and the value of options is directly impacted by changes in the level of market volatility.

A number of the trading and risk management models used by the Firm depend in part on the ability of the Firm to forecast near-term market volatility. Given the number of factors which can affect market volatility, such forecasts are inherently subjective and unreliable. The Fund could incur substantial trading losses, and the risk management models used by the Firm may not function as designed if realized market volatility differs materially from the Firm's forecasts.

Loss of Principal or Interest

Performance and investor yield on the Fund's investments may be affected by the default or perceived credit impairment of investments made by the Fund and by general or sector specific credit spread widening. Credit risks associated with the investments include (among others): (i) the possibility that earnings of an obligor may be insufficient to meet its debt service obligations; (ii) an obligor's assets declining in value; and (iii) the declining creditworthiness, default and potential for insolvency of an obligor during periods of rising interest rates and economic downturn. An economic downturn and/or rising interest rates could severely disrupt the market for the investments and adversely affect the value of the investments and the ability of the obligors thereof to repay principal and interest. In turn, this may adversely affect the performance of the Fund.

In the event of a default in relation to an investment held by it, the Fund will bear a risk of loss of principal and accrued interest on that investment. Any such investment may become defaulted for a variety of reasons, including non-payment of principal or interest, as well as breaches of contractual covenants. A defaulted investment may become subject to workout negotiations or may be restructured by, for example, reducing the interest rate, a write-down of the principal, and/or changes to its terms and conditions. Any such process may be extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on the defaulted investment. In addition, significant costs might be imposed on the debt holder, further affecting the value of the investment. The liquidity in such defaulted investments may also be limited and, where a defaulted investment is sold, it is unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest owed on that investment. This would adversely affect the value of the portfolio of the Fund.

Restructuring can be an expensive and lengthy process which could have a material negative effect on the Fund's anticipated return on the restructured instrument. By way of example, it would not be unusual for any costs of enforcement to be paid out in full before the repayment of interest and principal. This would substantially reduce the Fund's anticipated return on the restructured instrument.

Hedging Policies/Risks

In connection with certain portfolio investments, the Fund may employ hedging to reduce the risks of adverse movements in interest rates. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Fund may benefit from the use of interest rate hedges, unanticipated changes in interest rates may result in a poorer overall performance for the Fund than if it had not entered into such hedging transactions.

Reliance on the Integrity of Financial and Economic Reporting; Differential Access to Information

The investment strategies employed on behalf of the Fund rely on the financial information made available by the companies and CLO issuers in which the Fund invests. The Firm has limited, if any, ability

independently to verify the financial information disseminated by the numerous companies and CLO issuers in which the Fund may invest and is dependent upon the integrity of both the management of these companies and the financial reporting process in general. The Fund could incur material losses as a result of mismanagement, fraud and accounting irregularities at the companies and CLO issuers in which the Fund invests. Additionally, the Firm will execute transactions on behalf of the Fund with other market participants who may have superior information and market intelligence than the Firm. From time to time, the Fund may incur substantial losses caused by an information disadvantage.

Counterparty and Credit Risk

The Fund may have significant credit and operational risk exposure to its counterparties. The Fund is subject to the risk that counterparties, clearing houses or exchanges with which it deals may default on their obligations to the Fund. Any default by any of such parties could result in material losses to the Fund. A substantial portion of the Fund's securities held by its brokers and/or counterparties may be held in "street name."

Over-the-Counter-Trading

Most of the markets in which the Fund may effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Fund has concentrated its transactions with a single or small group of counterparties. The Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Moreover, the Fund's internal credit function which evaluates the creditworthiness of its counterparties may prove insufficient. The lack of a complete and "foolproof" evaluation of the financial capabilities of the Fund's counterparties and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund.

Capital Structure Arbitrage

The Firm may seek to identify and exploit the relationships between movements in different securities and financial instruments within an issuer's capital structure (e.g., bank debt, convertible and non-convertible senior and subordinated debt and preferred and common stock). Identification and exploitation of these opportunities involve uncertainty. In the event that the perceived pricing inefficiencies underlying an issuer's securities fail to materialize as expected by the Firm, the Fund could incur a loss.

Risks Associated with Specific Investment Strategies

The descriptions contained herein of specific strategies that are or may be engaged in by the Fund should not be understood as in any way limiting the Fund's investment activities. The Fund may engage in investment strategies not described herein that the Firm considers consistent with the Fund's overall investment program.

High Yield Debt and Leveraged Loans

The Fund will invest a portion of its assets in high yield bonds and leveraged loans as parts of its strategy. These types of instruments carry with them several risks, including the following:

- Because of their high leverage, their operations might not generate sufficient cash flow to service their obligations. In connection with that, they have a higher risk of repaying or refinancing the debt.
- The nature of their restrictive covenants may limit their financial and operating flexibility, including in responding to adverse economic, credit, competitive and other conditions.
- High-yield debt securities may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such obligations purchased by the Fund may not be protected by financial covenants or limitations upon incurring additional indebtedness or taking other actions that could be detrimental to the credit worthiness of the company.
- The market for these instruments tends to be more volatile, with reduced liquidity, than that for investment grade debt.
- Such securities are generally not exchange traded and, as a result, these instruments trade in the over-the-counter marketplace, which is less transparent than the exchange traded marketplace.
- They are more susceptible to negative effects of a general economic recession or a major decline in the demand for products and services, which could have a materially adverse impact on the value of such securities.
- They have historically experienced greater default rates than has been the case for investment grade securities. face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments.
- Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments. Typically such workout or bankruptcy proceedings result in only partial recovery of cash payments or an exchange of the defaulted security for other debt or equity securities of the issuer or its affiliates, which may in turn be illiquid or speculative.
- Many leveraged loans contain limited, if any, financial covenants and either do not require the obligor to maintain debt service or other financial ratios. Many leveraged loans and high yield bonds issued in the recent past 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 loans. Ownership of these so-called covenant lite loans may expose the issuer to different risks, including with respect to liquidity, price volatility and ability to restructure loans, than is the case with loans that have such covenants, which could result in an adverse impact on the CLO issuer's ability to make payments on CLO debt securities. As a result of the ownership of such covenant lite loans, the issuer's exposure

to losses may be increased, which could result in an adverse impact on the issuer's ability to make payments on these loans.

While the strategy of the Fund is to invest, in part, in these kinds of debt instruments due to the current dislocation in the credit markets, the risks summarized above may be exacerbated by the ongoing financial crisis and may be difficult to anticipate and manage.

Risks of CLO Debt Securities

Investments in CLO debt securities carries several risks which are beyond the control of the Firm, including the following ones:

- Leveraged Credit Risk: CLO issuers may utilize a high degree of leverage, which is a speculative investment technique that increases the risk to owners of the subordinated tranches, in particular. Subordinated tranches will bear the primary risk of deterioration in performance of the assets of the CLO issuer, including defaults and losses, a reduction of realized yield or other factors.
- Below Investment Grade Debt Obligations: It is expected that primarily all of the collateral obligations will be rated below investment grade, which carry the risks described above.
- Control; Concentrated Ownership: In many CLO structures, the controlling class and subordinated CLO debt securities will have rights to direct the trustee and/or the issuer to take certain action under the transaction documents. For example, the controlling class will have the right to direct certain actions after an event of default with respect to acceleration of the maturity of the secured CLO debt securities and, under certain circumstances, liquidation of the collateral. In exercising their rights, holders are not required to take into account the interests of any other class, which may be adverse to interests of other holders.
- Average Life & Prepayment Considerations: The average life of CLO debt securities may be shorter than their stated maturity, and this may occur at a time when the class is trading in the market at a premium and when other investments with the same yield may be difficult to acquire. A redemption funded with sale proceeds could require the collateral manager to sell collateral at undesirable times, which could adversely affect the realized value of the obligations sold.
- Amendments Risks: Only certain specific amendments to the CLO documents require the consent of all holders of a class of CLO debt securities that would be materially and adversely affected, and certain specified amendments require no consents of holders. Ratings confirmation is also generally not a condition to execution of supplemental indentures. Accordingly, amendments may be executed that would have a material and adverse effect on a class without the consent of all of the holders of that class. In addition, the collateral manager may have limited influence over any amendment due to the size of its position.
- Ratings Risks: Holders of CLO debt securities are subject to the actions of the rating agencies. For example, if any rating initially assigned to a class of CLO debt securities is subsequently lowered, suspended or withdrawn, the market value of these securities may be reduced such that interests in those securities may not be able to be sold except at a substantial discount.

- Risks of Subordinated Tranches: In most agreements governing CLO debt securities, payments on subordinated tranches will stop if certain conditions are satisfied, and if an event of default occurs, then interest and principal payments will be made on senior tranches until they are paid in full before any payments are made on subordinated tranches. In addition, holders of subordinated notes will not generally be entitled to exercise remedies until all senior tranches are paid in full.
- Risks Relating to the Collateral:
 - Expense-Related Risks. A significant amount of the initial proceeds of the sale of the CLO debt securities will be applied to pay organizational and other expenses incurred by the CLO issuers in connection with the offering of the CLO debt securities rather than to make investments in assets that serve as collateral for the CLO debt securities. As a result, the liquidation value of the collateral may be less than the aggregate outstanding amount of the CLO debt securities.
 - Limited Information. Investors will receive limited information with regard to the collateral and none of the parties involved in the CLO will be required to provide any valuation information other than as required in the indenture or the collateral management agreement.
 - Limited Control: Holders of CLO debt securities will have limited control over how the value of collateral underlying their securities changes over time, the actions of the collateral manager in managing the collateral and related matters.
 - Limitations of Portfolio Diversification: While a CLO indenture will require that certain levels of diversification are maintained in connection with reinvestments, the concentration of the portfolio in any one obligor or industry will still subject the CLO debt securities concentration risk. By contrast, these concentration limits may cause the CLO issuer to invest in obligors or industries that suffer more defaults than if the CLO issuer were not required to invest in a diversified portfolio.
 - Defaults; Market and Credit Spread Volatility. To the extent that a default occurs with respect to any collateral and the CLO issuer sells or otherwise disposes of that collateral, it is likely that the proceeds will be less than its unpaid principal and interest or its purchase price. This could have a material adverse effect on the payments on the CLO debt securities.
 - Loan Participation Risks: Loan participations will be subject to the credit risk of the selling institution as well as of the borrower. Participants also often do not benefit from the collateral (if any) supporting the loans in which they have a participation interest because participations often do not provide a purchaser with direct rights to enforce compliance by the borrower with the terms of the loan agreement. In the event of the insolvency of the selling institution, under the laws of the United States and the various states thereof, a holder of a loan participation may be treated as a general creditor of the selling institution and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the loans.

- Participation on Creditors' Committees: The CLO issuer may participate on creditors' committees of financially troubled companies which may be in bankruptcy or privately restructuring their debt. If the CLO issuer does join a creditors' committee, it may be deemed to have duties to other creditors represented by the committees, which might thereby expose the CLO issuer to liability to such other creditors.
- Liens Arising by Operation of Law: If the creditor holding such lien exercises its remedies over a particular piece of collateral, it is possible that amounts paid to federal and state lienholders may leave an insufficient amount available to pay the outstanding principal amount of such collateral.
- CLO issuers may be subject to various conflicts of interest involving the collateral manager: Depending on the structure and documents relating to CLOs, the collateral managers may have one or more conflicts of interest. Because the collateral manager and one or more of its affiliates may receive fees or other benefits for these services which are greater than any fees the collateral manager may be receiving for its services to the CLO issuer, this disparity in fee income may create potential conflicts of interest relating to the collateral manager's obligations to the CLO issuer. The collateral manager and its affiliates may carry on investment activities for their own accounts, have interests that differ from those in its role as collateral manager and have invest in businesses that compete with or adverse to those of the CLO issuer.

Investments in Troubled, Stressed & Distressed Credits

The Fund may invest in a range of companies' debt in terms of the degree of credit risk. While the strategy of the Fund is to invest only in current pay obligations, these investments could become troubled, stressed or distressed. Managing these kinds of investments involves several risks.

- It requires making complex credit determinations about difficult situations, often involving issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, including companies involved in bankruptcy or other reorganization and liquidation proceedings.
- It is frequently difficult to obtain current information as to the true condition of such issuers, and when difficult situations become worse from a credit standpoint, that can occur quickly and without notice to investors, including, for example, with respect to the companies' making current interest and principal payments and the value of any collateral.
- Such investments may also be adversely affected by laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the bankruptcy court's power to disallow, reduce, subordinate or disenfranchise particular claims.
- The ability of such companies to pay their debts on schedule could be affected by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies.
- Further, the Firm must rely on company management, outside experts, market participants, and personal experience to analyze potential investments for the Fund.

There is no assurance that the Firm will correctly evaluate the credit worthiness of these companies' debt. Even if the Firm does evaluate the risk of investments fairly, a company undergoing financial and/or operating distress, particularly in today's environment and markets, may change quickly and may become difficult for the Firm to monitor on a timely basis, particularly given the other risks regarding these types of investments summarized in this Risk Factors section. As a result, the returns generated from the Fund's investments may not compensate the investors adequately for the risks assumed.

Risks Associated with Bankruptcy Cases

While the investment strategy of the Fund is to purchase current pay debt instruments only, some of the issuers of these debt instruments may later file for bankruptcy, which poses numerous risks that are outside the control of the Firm, including the following:

- Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions which may be contrary to the interests of the Fund.
- Generally, the duration of a bankruptcy case can be long, which poses several risks. The reorganization of a company usually involves the development and negotiation of a plan of reorganization, plan approval by creditors and confirmation by the bankruptcy court. This process can involve substantial legal, professional and administrative costs to the company and the Fund; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart, the company may not be able to invest adequately and there can be a substantial decrease in value of the company and the value of its debt. During this time, the company may not make interest or principal payments when due.
- In some cases, the company may not be able to reorganize and emerge from bankruptcy, but rather may be required to liquidate and sell assets at distressed prices.
- U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for the purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Fund's influence with respect to a class of securities can be lost by the widening or increase of the number and the amount of claims in, or other gerrymandering of, the class.
- The Firm, on behalf of the Fund, may elect to serve on creditors' committees, equity holders' committees or other groups to ensure preservation or enhancement of the Fund position as a creditor or equity holder. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. If the Firm concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to the Fund, it will attempt to resign from that committee or group, and the Fund may not realize the benefits, if any, of participation on the committee or group. In addition, if the Fund is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of or increasing its investments in such company while it continues to be represented on such committee or group or possesses material non-public information.

- Depending on the facts of the case, there can be claims that rank more highly than the debt the Fund holds and there can be administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes). As a result, the Fund's debt may not receive as much as anticipated in the settlement or conclusion of the bankruptcy case.
- There are instances where creditors and equity holders lose their ranking and priority as such when they take over management and functional operating control of a debtor. In those cases where the Fund, by virtue of such action, is found to exercise "domination and control" of a debtor, the Fund may lose its priority if the debtor can demonstrate that its business was adversely impacted or other creditors and equity holders were harmed by the Fund.

As a result of the above, in any bankruptcy case, the Fund may lose its entire investment, may be required to accept cash or securities with a value less than the Fund's original investment and/or may be required to accept payment over an extended period of time.

Illiquidity of Certain Investments

Many of the assets in which the Fund will invest will be illiquid investments and because some of the anticipated return on these investments will depend on the partial or complete sale of these assets, the Fund faces risks relating to that illiquidity. Generally, the market prices for illiquid investments are more volatile and may not be readily ascertainable. The Fund may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. While these types of illiquid investments may be sold from time to time, in some cases, their complete disposition may not occur for a number of years after the initial investment is made. It is unlikely that there will be a public market for certain types of investments held by the Fund at the time of their acquisition, and the Fund will generally not be able to sell such securities publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases the Fund may be prohibited by contract or regulatory reasons from selling certain securities for a period of time.

Debt securities of CLO issuers may be particularly illiquid. Various regulatory requirements may restrict potential investors' ability to purchase CLO debt securities or make such an investment unattractive to them. U.S. banking regulations impose increased requirements for the amount of capital required by large banks and an increase in the assessment imposed by the Federal Deposit Insurance Corporation for deposit insurance in connection with owning certain securitization assets, including CLO securities. If the CLO issuer were determined not to qualify for the "loan securitization" exclusion under the Volcker Rule or were otherwise determined to be a "covered fund" for purposes of that rule, there would be limitations on the ability of banking entities to purchase or retain any class of CLO debt securities deemed to be "ownership interests," such as subordinated classes of these debt securities. In addition, credit institutions, insurance companies, investment funds and certain other institutions in Europe may be subject to punitive capital requirements with respect to investments in securitizations that fail to comply with certain retention and disclosure requirements. Accounting standards for structured products could, under certain circumstances, require an investor or its owner generally to consolidate the assets of the issuing entity in its financial statements and record third parties' investments in the CLO issuer as liabilities of that investor or owner or could otherwise adversely affect the manner in which the investor or its owner must report an investment in CLO debt securities for financial reporting purposes. One or more of these or other regulations may deter certain potential investors from purchasing CLO debt securities which may adversely affect the liquidity of the Notes in the secondary market.

As a result of the above, an investment in the Fund carries with it the related risks, including illiquidity risks of the Fund's assets. As such, an investment in the Fund is suitable only for certain sophisticated investors who do not require immediate liquidity for their investments.

Litigation and Regulatory Risks

Possibility of Additional Regulation of the Firm, the Fund and the Markets

There has recently been increased regulatory scrutiny of private investment funds. Legislation proposing greater regulation of the "alternative investment" industry is periodically considered by Congress, states and the governing bodies of non-U.S. jurisdictions. Legislative action by federal or state governments could have substantial and adverse consequences for the regulation of private investment funds such as the Fund. Changes in the regulation of the markets in which the Fund trades could materially adversely affect certain of the investment strategies used by the Firm on behalf of the Fund.

It is impossible to predict what, if any, changes in the regulations applicable to the Fund, the Firm, or the markets in which they invest or the counterparties with which they transact may be instituted in the future. It is possible that the current market disruptions will result in materially increased regulation of the markets in which the Firm invests on behalf of the Fund, perhaps materially adversely affecting the Fund. Any such change could have a materially adverse effect on the profit potential of the Fund, as well as require increased transparency as to the Fund's portfolio and/or the identity of the investors. The General Partner will generally seek to make any such disclosures on a confidential basis but there can be no assurances that the recipients of such information will comply with any applicable undertaking or duty to maintain such confidentiality (whether intentionally or inadvertently). The public disclosure of any confidential information could result in an investigation or enforcement action by regulatory authorities.

Further, the kinds of regulatory changes and actions summarized above could place limitations on the type of investors that may invest in the Fund, or on the conditions under which such investors may invest. Such regulation may also limit the scope of investing activities that may be undertaken by the Fund, impose significant administrative burdens on the Firm and divert time and attention from core business activities.

Regulatory Actions

From time to time, certain of the Firm's activities may be subject to regulatory inquiries, investigations and/or enforcement proceedings from U.S. and non-U.S. governmental agencies, regulatory bodies and securities commissions, which can be costly and occupy significant staff time and resources of the Firm, and/or its affiliates. Any such inquiry, investigation or enforcement proceeding could include civil or criminal proceedings resulting in a censure, fine, penalty and/or other sanction, including asset freezes, the issuance of a cease and desist order or the suspension or expulsion of an individual. Any such inquiry, investigation or enforcement proceeding could have a materially adverse effect on the Fund.

Litigation Risk

In recent years, the volume of claims and amount of damages claimed in litigation and regulatory proceedings against the financial services industry in general have been increasing. The Fund's investment decisions and the activities of the Fund's personnel may subject the Fund to the risk of third-party litigation arising from investor dissatisfaction with the performance of those investment funds, alleged conflicts of interest and a variety of other litigation claims. If any private lawsuits or regulatory actions were brought against the Fund and resulted in a finding of substantial legal liability, it could materially

adversely affect the Fund's business, financial condition or results of operations or cause significant reputational harm, which could seriously harm the Fund's performance. The Fund depends to a large extent on its personnel's business relationships and reputation for integrity and high-caliber professional services to attract and pursue investment opportunities. As a result, allegations of improper conduct by private litigants or regulators, whether the ultimate outcome is favorable or unfavorable, as well as negative publicity and press speculation on the Fund's activities or in general, whether or not valid, may harm the Fund's reputation, which may be more damaging to the Fund's business than to other types of businesses.

Accounting Changes Could Adversely Affect Certain Investment Strategies

Various accounting changes may be implemented and/or proposed which could significantly impact the structured securities in which the Fund invests. Any such actual or proposed changes could affect certain of the investment strategies employed by the Firm on behalf of the Fund.

The foregoing list of risk factors does not purport to be a complete enumeration or explanation of the risks involved in an investment in the Fund. Prospective Investors should read the relevant Offering Documents in their entirety and consult with their own advisors before deciding to invest in the Fund.

Item 9: Disciplinary Information

Not Applicable. Sycamore Tree and its supervised persons have no reportable disciplinary events to disclose.

Item 10: Other Financial Industry Activities and Affiliations

Item 10.A.

Not Applicable. Sycamore Tree is currently not applying to register as a broker-dealer and does not intend to in the future. However, an employee of Sycamore Tree is a registered representative of an unaffiliated broker-dealer, First Liberties Financial (CRD number 14432) ("**FLF**"), which is registered with the Financial Industries Regulatory Authority, Inc.

Item 10.B.

Not Applicable. Neither Sycamore Tree, nor any of its management persons, is applying to register with the Commodity Futures Trading Commission or applying for membership with the National Futures Association.

Item 10.C.

The General Partner is an affiliate of Sycamore Tree, and in this capacity the relationship could create an incentive for Sycamore Tree to make investment allocations that are riskier or more speculative than would be the case if the General Partner did not receive incentive compensation from the Fund for serving as the General Partner to the Fund. Sycamore Tree will act in the best interest of its Fund and in accordance with the Fund's investment objectives and has a robust compliance program in place to generally deal with conflicts of interest that come up from time to time on an objective basis.

Sycamore Tree's wholly owned subsidiary, Sycamore Tree CLO Advisors, L.P. ("**Sycamore Tree Advisors**"), is an SEC registered investment advisor (CRD number 614626). Sycamore Tree Advisors and Sycamore

Tree serve as managers and/or general partners of pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Item 10.D.

Not Applicable. Sycamore Tree and its supervised persons do not recommend or receive compensation for selection of other investment advisers for its clients.

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

Item 11.A.

Employees of Sycamore Tree may only purchase and sell securities in accordance with Sycamore Tree's Code of Ethics to which all employees are subject. This policy is monitored by the Chief Compliance Officer.

Employees are permitted to maintain personal brokerage accounts, subject to the Code of Ethics and personal trading policy.

The Code of Ethics includes the following points:

- A statement of the standard of business conduct.
- Limits on gifts and entertainment.
- Limits on political contributions.
- Employees are prohibited from purchasing or selling, directly or indirectly, any existing or contemplated securities for the Fund's investment portfolio, or any security for which the Employee may have received material nonpublic information.
- All employees are required to pre-clear certain purchases or sales of securities through the Chief Compliance Officer for personal accounts.
- Additionally, employees are subject to strict reporting requirements regarding personal holdings.
- Employees must acknowledge in writing having received and read a copy of the Code of Ethics.
- Any exceptions to the above need prior approval of the Chief Compliance Officer.

A copy of Sycamore Tree's Code of Ethics is available to investors and prospective investors upon request.

Item 11.B through Item 11.D.

Sycamore Tree does not engage in principal transactions. Sycamore Tree, as a fiduciary, endeavors to always make decisions in the best interests of its clients if conflicts of interest arise. Employees of Sycamore Tree are prohibited from using their knowledge of Fund transactions to cause any non-Fund account to profit from the market effect of such transactions or give such information to a third party who may so profit. Sycamore Tree may restrict personal trading by employees or related persons in any circumstances where Sycamore Tree considers it to be in the best interests of Sycamore Tree and/or its clients. Sycamore Tree may also reverse, cancel, or freeze any transaction or position in an account of an employee or related person that in its discretion it believes is inconsistent with the Code of Ethics.

Item 12: Brokerage Practices

Item 12.A.1.

Sycamore Tree retains full discretion to determine the broker or dealer to be used for each securities transaction for Fund accounts and seeks to obtain best execution for its clients by placing orders for the purchase and sale of securities with brokers and dealers based on Sycamore Tree's evaluation of the ability of the broker or dealer to execute orders in a prompt and effective manner as well as consider such factors as, including but not limited to, the financial stability and reputation of brokerage firms, creditworthiness, efficiency of execution and error resolution, the actual executed price and the commission, custodial and other services provided for the enhancement of Sycamore Tree's portfolio management capabilities; the size and type of the transaction; the difficulty of execution and the ability to handle difficult trades, and the research, brokerage or other services provided by such brokers. There may be instances when, in the judgment of Sycamore Tree, more than one broker or dealer is able to offer comparable brokerage services to the Funds. In selecting among such brokers or dealers, consideration may be given to those brokers or dealers that provide research services to the Fund, Sycamore Tree, and any of Sycamore Tree's affiliates. However, while it is not the policy of Sycamore Tree to pay higher commissions to a broker for receiving such services, it is possible that transaction costs may be higher than if Sycamore Tree was not receiving products or services from a broker.

Sycamore Tree can use soft dollars but has chosen not to do so to date. Research and brokerage services obtained by the use of commissions arising from the Fund's portfolio transactions may be used by Sycamore Tree in its other investment activities and thus, the Fund may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services provided. The Fund may be deemed to be paying for this research and other services with "soft" or commission dollars generated by Fund transactions. These "soft dollar" commissions may be used by Sycamore Tree to pay for research and brokerage services that provide lawful and appropriate assistance to Sycamore Tree in carrying out its investment decision-making responsibilities, as permitted under the safe harbor of Section 281 of the Securities and Exchange Act of 1934, as amended ("**Section 28(e)**"). As is anticipated within Sycamore Tree's Offering Documents, Sycamore Tree may choose to direct the brokerage transactions of the Fund to brokers in order to obtain research services, some of which are described below.

Research services furnished by brokers may include, but are not limited to, research reports (including market research); certain financial newsletters and trade journals; software providing analysis of securities portfolios; corporate governance research and rating services; attendance at certain seminars and conferences; discussions with research analysts; meetings with corporate executives; consultants' advice on portfolio strategy; data services (including services providing market data, company financial data and economic data); advice from brokers on order execution; and certain proxy services.

Brokerage services furnished by brokers may include, but are not limited to, services related to the execution, clearing and settlement of securities transactions and functions incidental thereto (i.e., connectivity services between an investment manager and a broker-dealer and other relevant parties such as custodians); trading software operated by a broker-dealer to route orders; software that provides trade analytics and trading strategies; software used to transmit orders; clearance and settlement in connection with a trade; electronic communication of allocation instructions; routing settlement instructions; post trade matching of trade information; and services required by the SEC or a self-regulatory organization such as comparison services, electronic confirmations or trade affirmations.

Item 12.A.2.

Sycamore Tree does not participate in selecting or recommending broker-dealers in exchange for client referrals.

Item 12.A.3.

Not Applicable. Sycamore Tree does not recommend, request or require that a client direct Sycamore Tree to execute transactions through a specified broker-dealer.

Item 12.B.

Currently, Sycamore Tree manages one Fund and, therefore, an aggregation and allocation policy is not applicable at this time. Should Sycamore Tree manage more than one advisory client, Sycamore Tree will implement the following policy. When purchasing securities for more than one of its advisory clients (i.e., bunching orders), Sycamore Tree will endeavor to aggregate such orders into a single trade to purchase the quantity of securities necessary to supply all advisory clients. Sycamore Tree has the authority to allocate trades to advisory clients on an average price basis or on another basis it deems fair and equitable. Similarly, if an order on behalf of any advisory client cannot be fully allocated under prevailing market conditions, Sycamore Tree may allocate the trades among different advisory clients on a basis it considers fair and equitable over time. One or more of the foregoing considerations may (and are often expected to) result in allocations among advisory clients on other than a *pari passu* basis.

Item 13: Review of Accounts**Item 13.A. and 13.B.**

Sycamore Tree has established an “**Investment Committee**” comprised of a team of investment professionals responsible for reviewing the overall strategic, direction and broad allocations of investments by the Fund on an ongoing basis to confirm that each portfolio is in line with, as applicable: investment criteria specified in private placement memoranda; objectives, limitations or restrictions specified in agreement with the Fund; risk parameters and other Sycamore Tree specified limits; and other guidelines or restrictions. Guidance from the Investment Committee will be a key input into the macro portfolio positioning considerations.

Item 13.C.

Investors in the Fund will typically receive, among other things, a copy of audited financial statements of the Fund within 120 days after the fiscal year end of the Fund. In addition, Investors in the Fund will typically receive periodic written reports containing unaudited summary financial information regarding the Fund.

Item 14: Client Referrals and Other Compensation**Item 14.A.**

As noted in the response to Item 12, Sycamore Tree may receive certain research and brokerage products or services from broker-dealers through soft dollar arrangements. As such, the Fund may benefit from research services acquired by Sycamore Tree as a result of the brokerage transactions of the applicable

client. Please see Item 12 for further information on Sycamore Tree's soft dollar practices, including Sycamore Tree's procedures for addressing conflicts of interest that arise from such practices.

Additionally, Sycamore Tree does not receive a direct economic benefit from any third party for providing investment advice or other advisory services to the Fund or related to the selection or recommendation of broker-dealers.

Item 14.B.

Currently, the Fund does not have any arrangements with placement agents or arrangements to compensate third party persons or entities for client referrals or to solicit clients. The Fund may in the future enter into agreements with certain solicitors or placement agents that provide for compensation to be paid to the solicitor or placement agent for referring Investors to the Fund.

Item 15: Custody

Given that Sycamore Tree acts as investment adviser to the Fund, Sycamore Tree may be deemed to have custody of certain client assets under current applicable regulatory interpretations. As such, and as is required by the safekeeping requirement in Rule 206(4)-2 of the Advisers Act, all assets of the Fund are held by qualified custodians. On an annual basis, Sycamore Tree is required to deliver to the Fund's investors audited financial statements within 120 days of fiscal year-end.

Item 16: Investment Discretion

Sycamore Tree accepts discretionary authority to manage securities accounts on behalf of clients and therefore, determines which securities and the amounts of securities it buys and sells for clients. This authority has been granted to Sycamore Tree by means of the execution of the relevant organizational and/or advisory agreements (e.g., investment advisory agreement) that set forth the scope of Sycamore Tree's discretion with respect to the Fund.

Item 17: Voting Client Securities

Sycamore Tree has voting authority due to the fact that it has discretionary authority over the securities held by its clients. Accordingly, Sycamore Tree understands its fiduciary responsibility to monitor corporate events, to vote proxies and cast votes in the best economic interests of its clients, and to not put client interests second to its own economic interests.

Sycamore Tree has adopted the proxy voting policies and procedures set forth in its Compliance Manual to identify and address material conflicts of interest related to voting proxies. Under our proxy voting policy, Sycamore Tree will generally vote proxies in accordance with the recommendation of the issuing company's management on routine and administrative matters unless Sycamore Tree has a particular reason to vote to the contrary. Non-routine matters will be voted on a case-by-case basis in a manner that serves the clients' best interest. Under certain circumstances, we may abstain from voting specific proxies if we believe that doing so is in the best interests of our clients. Furthermore, under our proxy voting policy, we may not vote proxies issued by companies if our clients no longer have any economic exposure to the issuer.

Clients are not permitted to direct Sycamore Tree's vote in a particular proxy solicitation.

Clients may obtain information regarding how Sycamore Tree voted its securities by requesting records of the Chief Compliance Officer, who is responsible for retaining all records related to proxy voting. Additionally, clients may obtain a copy of Sycamore Tree's proxy voting policies and procedures upon request of the Chief Compliance Officer.

Item 18: Financial Information

Not Applicable. Sycamore Tree does not require or solicit prepayment of more than \$1,200 in fees, six months or more in advance. In addition, Sycamore Tree has not been the subject of a bankruptcy petition at any time during the past ten (10) years.