

# MSP Sports Advisors, LLC

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Investment Adviser Firm Brochure  
(ADV Part 2A of Form ADV)

March 31, 2023

This Brochure provides information about the qualifications and business practices of MSP Sports Advisors, LLC. If you have any questions about the contents of this Brochure please contact us at (484) 802-8704 or [info@mspsportscapital.com](mailto:info@mspsportscapital.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

The designation “registered investment adviser” does not imply a certain level of skill or training. Additional information about MSP Sports Advisors, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)

## **Item 2: Material Changes**

We have not made any material changes to this brochure since our last annual amendment filed on March 31, 2022.

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#### **Item 4: Advisory Business**

MSP Sports Advisors, LLC (“MSP,” the “Adviser,” “we,” or “our”) is a Delaware limited liability company that began operation in October 2020. MSP’s primary owners are Jeff Moorad and Jahm Najafi.

MSP provides investment advisory services to privately-offered funds (each a “Fund” and together, “Funds”) that invest in sports related businesses located across the globe, with an emphasis in the U.S. and Europe. MSP advises each Fund in accordance with the investment objectives outlined in each Fund’s respective governing documents and does not tailor its advisory services to the individual needs of investors in the Funds.

As of December 31, 2021, MSP advised \$211,530,162 on a discretionary basis and did not advise any assets on a non-discretionary basis.

#### **Item 5: Fees & Compensation**

MSP earns an asset-based management fee in accordance with each Fund’s limited partnership agreement or similar subscription document. Management fees are typically paid quarterly in advance and can be as high as 2% of net capital commitments during a Fund’s investment period and thereafter, based on invested capital. MSP is also eligible to earn a performance-based fee of 20% of recognized gains above a preferred return. MSP, in its sole discretion, may waive or enter into a different fee structure, including reduced management and/or performance-based fees with respect to the commitments of one or more investors including with respect to affiliated persons of MSP.

Each Fund bears all of its own operating expenses, including, without limitation, (a) organizational and offering expenses, including reasonable placement fees payable in respect of each Fund to placement agents approved by MSP or its affiliates; (b) expenses of unaffiliated service providers including custody, legal, prime brokerage, banking, tax, audit, administrators, consultants, compliance, information technology providers, depositaries and accountants and other similar outside advisors; (c) costs and expenses incurred in identifying, evaluating, arranging, negotiating, structuring, trading, or settling any transaction contemplated for investment by each Fund (regardless of whether such transaction is subsequently consummated), including, without limitation, any travel, legal, tax and accounting expenses, and the fees and expenses of third party providers providing data, deal sourcing and/or acquisition due diligence and other support services, in connection therewith; (d) out-of-pocket costs, fees and expenses of monitoring, holding, hedging, valuing or selling portfolio investments, including record-keeping expenses; (e) out-of-pocket costs of reporting to Fund investors, preparing tax returns and Schedule K-1s and of any meetings of investors, and of any meeting of each Fund’s advisory committee; (f) any taxes, fees or other governmental charges levied against each Fund or on its income or assets or in connection with its business or operations; (g) costs and expenses of computer software specific to the affairs of each Fund; (h) insurance; (i) costs of any audit, investigation, proceedings, litigation and threatened litigation; (j) indemnification obligations; (k) liquidation expenses; (l) capital payments, interest and other

expenses in respect of indebtedness for borrowed money; (m) extraordinary expenses including fees and expenses associated with any tax or other audit, investigation, proceeding, regulatory matter, settlement or review of the Fund; (n) costs and expenses related to each Fund's compliance with applicable laws including expenses relating to regulatory filings (or portions thereof) that the Investment Manager, the General Partner or their respective affiliates are required to make in connection therewith (including, if applicable, Form PF expenses); and (o) all other reasonable costs and expenses properly chargeable to the activities of each Fund. Each Fund will, when necessary and as permitted within each Fund's governing documents, call capital to pay for such expenses. MSP typically deducts fees from a Fund's assets.

## **Item 6: Performance-Based Fees & Side-By-Side Management**

As discussed in Item 5, MSP is eligible to earn performance-based fees as part of its advisory compensation. Performance-based fees creates an incentive to maximize investment returns by making investments that may be subject to greater risk than would otherwise be the case if we were not able to earn a performance-based fee. Additionally, we have an incentive to favor Funds that pay higher performance-based fees by investing in more potentially profitable investments for these Funds or devoting more time and resources to them. We have adopted policy and procedures that seek to mitigate these conflicts.

## **Item 7: Types of Clients**

MSP provides investment advisory services to private funds sponsored by affiliates, in which, only certain investors, who satisfy eligibility requirements may be offered an opportunity to invest.

## **Item 8: Methods of Analysis, Investment Strategies & Risk of Loss**

### *Strategies*

MSP's investment strategy is focused primarily on identifying, analyzing and investing in private equity interests and debt of professional sports teams and leagues, as well as other companies with high competitive barriers to entry whose business activities are linked to professional and amateur sports. MSP will also consider related business that include regional sports broadcasting networks, ticketing companies, apparel companies, and equipment manufacturers. MSP will also seek to invest in the next generation of technology companies at the intersection of sport, media and entertainment with a focus on leveraging the value of intellectual property (IP) in live sports entertainment. Investments will primarily be acquired through private transactions. However, MSP will, when appropriate, transact in the secondary markets.

A Fund also will seek to invest in the next generation of technology companies at the intersection of sport, media and entertainment with a focus on leveraging the value of intellectual property (IP) in live sports entertainment. MSP believes that professional teams, leagues and other selected sports-related businesses represent the most concentrated manifestation of live sport IP. Technology and IP investing may have high competitive barriers

to entry, but MSP believes that these areas may provide more attractive returns.

## *Risks*

An investment in a Fund involves a high degree of risk and, therefore, should be undertaken only by investors capable of evaluating the risks of the respective Fund and bearing the risks it represents. There can be no assurance that a Fund's investment objectives will be achieved, or that an investor will receive a return of its capital and, therefore, an investor should only invest in the Fund if such investor is able to withstand a total loss of its investment. In addition, there will be occasions when MSP and its affiliates will have a conflict of interest with a Fund, including those discussed below.

The following is not a complete list of all risks involved in connection with an investment in a Fund and is entirely qualified by reference to each Fund's offering documents, which should be carefully evaluated before making an investment in a Fund.

### No Assurance of Returns

There can be no assurance that investors will receive distributions from a Fund in an amount equal to their investment in the Fund, or at all. The timing of profit realization, if any, is highly uncertain.

### No Operating History

The Funds are or will be newly formed entities with no operating history upon which potential investors may evaluate their performance. They are subject to the typical risks attendant to any newly formed business with no operating history. The success of a Fund is substantially dependent on the skills of MSP and its principals and personnel in selecting, monitoring, and changing investments. Any prior success of these persons should not be construed as assuring any level of future success or profitability as to a Fund.

### Competition for Suitable Investments

There can be no assurance that there will be a sufficient number of suitable investment opportunities to enable MSP to invest all of a Fund's commitments in opportunities that satisfy the Fund's investment strategy, or that such investment opportunities will lead to completed investments. The process of identifying, structuring, implementing and realizing on attractive investment opportunities is highly competitive. A number of entities compete with MSP to make the types of investments that MSP intends to make. The competitive pressures MSP will face could have a material adverse effect on a Fund's business, financial condition and results of operations. In addition, a principal of MSP owns and operates a private investment company that invests in private companies for their personal benefit. This presents a conflict of interest as the principal has an incentive to allocate favorable investment opportunities to their private investment company. MSP has adopted certain policies and procedures it believes reasonably address the conflict of interests.

### Valuation of Fund Investments

In general, a Fund's portfolio investments are not expected to be publicly traded. As such, the fair value of investments may not be readily determinable. Because valuations of private investments and private companies, are inherently uncertain and may be based on estimates, the Manager's 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 Fund may ultimately realize.

#### Portfolio Concentration

Certain Fund's may hold only a single investment, while other Funds may hold a limited number of portfolio companies, and at the beginning of a Fund's operations, regardless of the Fund's ultimate number of holdings, a fund will have little if any investment diversification. While this portfolio concentration may enhance total returns to investors, if any large interest in a single portfolio company suffers a material loss, returns to investors may be lower (or investors may suffer greater losses) than if the Fund had invested in a more diversified portfolio.

#### General Risks Associated with Non-U.S. Investments

Investment in non-U.S. issuers or securities principally traded outside of the United States frequently involve certain special risks due to non-U.S. economic, political and legal climates, including favorable or unfavorable changes in currency exchange rates, exchange control regulations (including currency blockage), expropriation of assets or nationalization, imposition of taxes on dividends, interest payments, capital gains or gross proceeds, the need for approval by government or other authorities to make investments, and possible difficulty in obtaining and enforcing judgments against non-U.S. entities. Further, there frequently is less information publicly available about a non-U.S. issuer than about a U.S. issuer, and issuers of non-U.S. securities are subject to different, often less comprehensive accounting reporting and disclosure requirements than U.S. issuers. The securities of some non-U.S. companies and non-U.S. securities markets are less liquid and at times more volatile than comparable U.S. securities and securities markets. Non-U.S. brokerage commissions and other fees are also generally higher than in the United States. There are also special tax considerations that apply to investments in securities of non-U.S. issuers and securities principally traded outside of the United States. Moreover, the expenses normally associated with non-U.S. investments often exceed those associated with U.S. investments.

#### Highly Competitive Market

The market for attractive private equity investment opportunities in sports-related businesses is highly competitive. There is an increasing number of investors seeking to invest in this sector, including other private equity investors, which may reduce the number of suitable investment opportunities available to a Fund and adversely affect the terms upon which investments can be made. Valuations may be high and reflect certain non-economic factors such as the prestige associated with sports franchises. Also, the availability of investment opportunities generally will be subject to market conditions. Other investors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has reached with respect to an investment, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of a Fund. There can be no assurance that a Fund will identify and consummate suitable investment opportunities in sports-related businesses.

### **INVESTMENT RISKS**

#### General Risk Related to Professional Sports

Investments in or loans to professional teams and leagues include risks around performance of the given team or league, popularity with fans, actions of teammates, impact of social media,

general economic conditions and the effect of any economic downturn on sports industry discretionary spending. Teams may face costs associated with players' injuries, as well as trades and terminations of players and other team personnel, including team executives. Competition from other sports and from other leisure-time activities may influence the economic position of a particular team or even the entire league. The popularity and profitability of various sports-related businesses may rise and fall with the popularity of the underlying sports, as well as individual teams. These and other operating risks may impact the value of the Fund's investments.

There can be no assurance that any of the portfolio companies or sports teams in which the Fund may invest, directly or indirectly, will maintain continued popularity or compete in post-season play in the future.

#### Investments in Professional Sports Teams

Investments in professional sports teams will be subject to a number of operational risks, including risks associated with operating conditions, competitive factors, economic conditions and industry conditions affecting the portfolio company that owns such team. Risks associated with operating conditions include those arising from: competition with other major league sports, college athletics and other sports-related and non-sports-related entertainment; dependence on competitive success of the team; fluctuations in the amount of revenues from advertising, sponsorships, concessions, merchandise, parking and season and other ticket sales, which are tied to the popularity and success of the team and general economic conditions; uncertainties of increases in players' salaries; incurrence of luxury tax liability; risk of injuries to key players; dependence on talented players and managers; uncertainties relating to labor relations in professional sports, including the expiration of the applicable league's current collective bargaining agreement, or a player or management initiated stoppage after such expiration; and dependence on television and cable network, radio and other media contracts, among other things.

Team performance and popularity will affect spectator size and demand, directly or indirectly driving: ticket pricing and advertising rates; sponsorship revenue through sponsorship relationships; retail, merchandising, apparel and product licensing revenue through product sales; new media and mobile revenue through telecom partnerships and websites; broadcasting revenue through the frequency of appearances and performance based share of league broadcasting revenue and league prize money; and game day revenue through ticket sales. In large part, a professional sports team's success will depend on its ability to attract and retain the highest quality players and coaching staff. As a result, the team may be obligated to pay salaries generally comparable to its main competitors, and increases in salaries may adversely affect the portfolio company's business, results of operations, financial condition and cash flow, resulting in a negative impact on the Fund's performance. A player may receive a high salary but fail to perform at levels consistent with such compensation. Teams may face costs associated with players' injuries, as well as trades and terminations of players and other team personnel, including team executives. Inability to renew insurance policies could expose a team

to significant losses. Litigation against a team (or the league) may impose additional costs on a team. Additionally, a team may support a development project to improve its stadium or field, which will bring its own risks relating to financing, permitting, contracting, construction, operations and other areas. If a team's management does not successfully manage such operational risks, there could be an adverse effect the portfolio company's business, results of operations, financial condition and cash flow, resulting in a negative impact on the Fund's performance. The Fund does not expect to have control over how budget and other financial and operational decisions are made with respect to teams in which it invests, directly or indirectly. MSP's ability to invest in a given team may be subject to league approvals, which may not be forthcoming. As part of such approvals, a league may require financial and other disclosure by each investor in the respective MSP sponsored Fund and may require that each investor assume personal liability for the obligations of the given franchise. For example, in connection with an investment in a U.S. franchise, a league in the United States may require all investors to sign a consent agreement that essentially binds each investor to all liabilities of the applicable franchise, and every investor may be required to fill out an ownership application with the league that has full investor information, including financial information for each investor and their related persons. The league may also require background checks of all investors and their related persons. Further, U.S. leagues have traditionally restricted any investor in a franchise from having "gambling interests". This type of restriction could disqualify any investor that might have such investments. It could also preclude a Fund from investing in a given league, if the Fund invests in certain e-gaming or other interests that fall into the given league's definition of "gambling interests".

#### Sports-Related Businesses Face Intense and Wide-Ranging Competition

The success of a sports-related business depends upon the performance and popularity of its franchises. Sports franchises compete with other live sporting events, and with sporting events delivered over television networks, radio, the Internet and online services, mobile applications and other alternative sources. Sports teams compete for attendance, viewership and advertising with other professional, college and amateur sports, and other non-sports related activities.

As a result of the large number of options available, a team may face strong competition for sports fans. Teams may compete with other sports teams and sporting events based on: quality of the various teams; success in applicable leagues; quality of environment and experience at games; ticket prices; and the viewing availability of teams on multiple media alternatives, among other things. Given the nature of sports, there can be no assurance that the portfolio companies in which a Fund invests will be able to compete effectively, including with teams that may have greater resources, and as a consequence of such competition, the portfolio companies' business and results of operations may be materially and negatively affected, affecting a Fund's performance.

Further, to compete in the market, many teams seek to engage in planned growth of commercial operations, which may put further strain on management and on operational and

financial resources and systems of a portfolio company. Risks exist that the portfolio company might over-invest or under-invest in infrastructure, and result in losses or weaknesses in infrastructure, which could have a material adverse effect on the business, results of operations, financial condition and cash flow for the portfolio company. Any failure by the portfolio company to manage growth effectively could have a negative effect on its ability to achieve its development and commercialization goals and strategies, and result in a negative impact on the Fund's performance.

### Brand and Performance

Sports related businesses also face competition relating to promotion and maintenance of brand and reputation, attraction and retention of key personnel, and in the case of professional sports teams, performance on the field. A team's ability to attract and retain key personnel, including players, coaches and management, affects the performance and popularity of the team; and poor performance can impact not only the ability to retain personnel but may also reduce number of sponsors, merchandise sales, licensing revenues and new media and mobile revenues, as well as traditional broadcasting and ticketing revenues. Unfavorable media coverage with respect to a team's performance, and failure of the team to respond effectively thereto, could further negatively impact the team's brand and reputation and as a consequence, its business. Failure to adequately protect intellectual property and curb the sale of counterfeit merchandise could also injure a team's brand. Poor performance of any professional sports team as well as league-wide lockouts or strikes, retirement of or serious injury to key athletes or scandals involving such athletes could adversely affect financial results. Sales of professional sports team merchandise may fluctuate based on the success or failure of such teams or the key players. In addition, to the extent a team uses individual athletes to market products and advertise stores or sell merchandise branded by one or more athletes, the retirement or injury of such athletes or scandals in which they might be implicated could negatively impact the portfolio company's financial results.

To protect its intellectual property, a team may enter into licensing arrangements permitting third parties to use its brand and trademarks. However, licensing partners may fail to fulfill their obligations under their license agreements or have interests that differ from or conflict with the team's interests. For example, sponsors and commercial partners must effectively implement quality controls over products using the team's brand or trademarks, and if they fail to meet quality standards, such failure could negatively affect consumer confidence in the quality and value of the brand, which could result in lower product sales. Any one or more of these events could have a material adverse effect on the team's business, results of operation, financial condition and cash flow, which could negatively impact performance. Further, a team may be susceptible to instances of brand infringement (such as counterfeiting and other unauthorized uses of intellectual property rights). While teams generally seek to protect brand assets by owning, controlling and licensing certain intellectual property rights in and to those assets and, where appropriate, by enforcing those intellectual property rights, it is not always possible to detect all instances of brand infringement. Additionally, where instances of brand infringement are detected, there may be legal or factual circumstances which give rise to

uncertainty as to the validity, scope and enforceability of intellectual property rights in the brand assets. Furthermore, the laws of certain countries in which brands are licensed and operations conducted, particularly those in Asia (such as China) may not offer the same level of protection to intellectual property rights holders as those in the United States, the United Kingdom, and the rest of Europe, and the time required to enforce intellectual property rights under these legal regimes may be lengthy and delay recovery, if any. Failure or inability by a portfolio company to secure, protect, maintain and/or enforce the intellectual property rights which vest in brand assets, might cause a loss of the exclusive right to exploit such brand assets. Infringement of trademark, copyright and other intellectual property rights could have an adverse effect on the portfolio company's business.

In recent years, piracy and illegal live streaming of subscription content over the internet has caused, and is continuing to cause, lost revenue to media distributors showing professional sporting games and matches. If these trends increase or continue unabated, they could pose a risk to subscription television services. The result could be a reduction in the value of a team's share, if any, of broadcasting rights and of online services, which could have a material adverse effect the business, results of operations, financial condition and cash flow of a portfolio company's business.

#### Sports-Related Businesses Are Substantially Dependent on Continued Popularity

The financial results of portfolio companies depend in large part on the remaining popularity of the applicable sports team with its fan bases and, in varying degrees, on the team's achieving success. A winning season may generate, among other things, fan enthusiasm, resulting in sustained ticket, premium seating, suite, concession and merchandise sales. In addition, the popularity of sports teams can impact television ratings, which could affect the long-term value of the media rights for the applicable team. Furthermore, success in the regular season may qualify a sports teams for participation in post-season playoffs, which may provide such companies with additional revenue opportunities by generating increased excitement and interest in the applicable sports team, and which can also improve attendance and television ratings in subsequent seasons.

If a team is not successful, there could be a decline in the team's popularity, and even that of the professional sports organization in which the team plays. A substantial decline in the popularity of the professional sports organization in which a contract party competes, whether as a result of the increase in the popularity of other professional sports or the emergence of new spectator sports, could impact the amount a team and an individual athlete earns on and off the field. In addition, the team could suffer a decline in popularity, including as a result of poor performance or behavior by the team or its players, particularly if such performance or behavior tarnishes the team's brand image. Any one of these events or a combination of such events could have a material adverse effect on the value of the portfolio company, and on the cash received under the brand contract associated with such portfolio company.

## Role of Sports Leagues

The governing bodies of sports leagues, directly or indirectly, have certain rights under certain circumstances to take actions that they deem to be in the best interests of their respective leagues, which may not necessarily be consistent with maximizing the results of operations and could affect the applicable sports teams in ways that are different than the impact on other sports teams. Certain of these decisions could have a material negative effect on the business and results of operations of portfolio companies.

Sports leagues may assert control over certain matters, under certain circumstances, that may affect revenues such as the national and international rights to telecast the games of league members, licensing of the rights to produce and sell merchandise bearing the logos and other intellectual property of the applicable sports teams and the leagues, and the Internet-based activities of such sports teams. Sports leagues typically have entered into agreements regarding the national and international telecasts of their related games. There can be no assurance that sports leagues will be able to renew these contracts following their expiration on terms as favorable than those currently in place. Changes to league rules, regulations and agreements, including national and international media rights, could impact the availability of games covered by local media rights and could negatively affect the rights fees received and the business and results of operations of portfolio companies. Sports leagues have asserted control over certain other important decisions, under certain circumstances, such as the length and format of the playing season, preseason and playoff schedules, the operating territories of the member teams, admission of new members, franchise relocations, labor relations with the players' associations, collective bargaining, free agency, luxury taxes and revenue sharing. Sports leagues have adopted a number of rules and regulations governing the length and format of the playing season, how teams may generate revenue, and player rosters. Decisions on these matters, some of which are also subject to the terms of a collective bargaining agreement, may materially negatively affect the business and results of operations of portfolio companies.

Certain sports leagues have imposed certain restrictions on the ability of owners to undertake some types of transactions in respect of teams, including a change in ownership and a relocation of a team. Certain sports leagues have also imposed restrictions on certain types and amounts of financing transactions. In certain instances, these restrictions could impair the ability of a portfolio company to proceed with a transaction that is in the best interest of such portfolio company and its owners, if it were unable to obtain any required league approvals in a timely manner or at all.

Sports leagues may impose certain rules that define, under certain circumstances, the territories in which certain companies may operate, including the markets in which certain games can be telecast. Changes to these rules could have a material negative effect on the business and results of operations of portfolio companies.

Each league's governing body has imposed a number of rules, regulations, guidelines, bulletins, directives, policies and agreements upon its teams. Changes to these provisions may apply to

teams, directly or indirectly, and their personnel, regardless of whether the team agrees or disagrees with such changes, has voted against such changes or has challenged such changes through other means. It is possible that, to the extent such changes are ultimately determined to bind such teams, such changes could materially negatively affect the business and results of operations of portfolio companies. The commissioners of each league assert significant authority to take certain actions on behalf of their respective leagues under certain circumstances, decisions by such commissioners, including on the matters described above, may materially negatively affect the businesses and results of operations of teams or companies. A league's governing documents and agreements with such league may also purport to limit the manner in which certain teams (and thus portfolio companies) may challenge decisions and actions by the league commissioner or the league itself, meaning that, under certain circumstances, certain teams (and thus portfolio companies) may not have the right to bring certain claims, actions or other proceedings against the league commissioner or the league itself.

Many leagues have certain restrictions on public ownership and free transferability of interests in sports teams, which have been unsuccessfully challenged, for example, as violations of the federal antitrust laws. The ability to invest (and to later transfer its investment) may be hindered by these restrictions and there may not be sufficient funds to mount a legal challenge to any of these rules.

In addition, an investment made to acquire minority stakes in one or more teams within the applicable league may be subject to certain conditions including participation as passive investor with no governance or other non-economic rights, meaning that decisions by made third parties with respect to any such investments could have a material negative effect on the business and results of operations of such investments.

#### Injuries to Players on Sports Teams

Popularity and competitive success of a team may be substantially impacted by injuries to key players. Injuries can take a financial toll on a team as well. Many players have partially or fully guaranteed contracts such that the team must pay the player his or her salary, even if the player is unable to play as a result of injury or death. Some teams may be insured against having to pay salaries in the event of a player's death and seek to obtain disability insurance policies for substantially all material player contracts. Such insurance may not be available in every circumstance or on terms that are commercially feasible or such insurance may contain significant dollar limits and/or exclusions from coverage for preexisting medical conditions. Teams may also choose not to obtain (or may not be able to obtain) such insurance in some cases and may change coverage levels (or be unable to change coverage levels) in the future. In the absence of disability insurance, teams may be obligated to pay all of an injured player's salary. In addition, player disability insurance policies may not cover any applicable luxury taxes that a team may be required to pay under a collective bargaining agreement. A player's injury may affect the performance of the team, and therefore the portfolio company's business, results of operations, financial condition, and cash flow, thereby negatively impacting performance.

### Coronavirus and Public Health Emergencies

As of the date hereof, significant medical and public policy progress has been made towards treating and living with coronavirus (“COVID-19”), which was initially detected in December 2019, and spread throughout the world to become a global pandemic. However, new strains of COVID-19 could develop where the current treatments are not as effective, which could result in a similar action being taken by various governments including declaring states of emergency, instituting regional and country-wide quarantines, prohibitions on travel, significant border closures, bans on public events and other large social gatherings and the closure of offices, businesses, schools, retail stores and other public venues. Businesses could also implement similar precautionary measures. As during 2020 and 2021, these future responses could be in place for a considerable period of time and cause significant economic disruption. Such measures, as well as the general uncertainty surrounding the dangers and impact of new strains of COVID-19, could create significant disruption in supply chains and economic activity, resulting in rapid increases in unemployment, and have a particularly adverse impact on transportation, hospitality, tourism, sports and entertainment, retail, energy and other industries.

Any public health emergency, including any outbreak of new strains of COVID-19 or other existing or new epidemic diseases (including, without limitation, those similar to COVID-19, SARS, H1N1/09 flu or MERS), or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact and could adversely affect any Fund’s ability to fulfill its investment objectives. A prolonged period of economic uncertainty could have a materially detrimental effect on investments in the sports and leisure sectors broadly.

### Compliance with Laws

Each portfolio company in which the Fund invests will be subject to a variety of other laws and regulations, including licensing, permitting, and historic designation and similar requirements; working conditions, labor, immigration and employment laws; health, safety and sanitation requirements; compliance with the Americans with Disabilities Act, as applicable; and privacy laws. Any failure by such portfolio company to comply with applicable governmental laws and regulations, or to maintain necessary permits or licenses, could have a material negative effect on its business and results of operations, thereby negatively impacting a Fund’s performance.

### Economic Conditions

In addition to being tied to the popularity and success of the particular team, fluctuations in the amount of revenues from advertising, sponsorships, concessions, merchandise, parking and season and other ticket sales, may be caused by general economic conditions. General economic conditions affect personal disposable income and corporate marketing and hospitality budgets, which drive ticket sales to sporting events and revenues to the team. The sports, leisure and entertainment industries are highly cyclical, which may affect a portfolio company’s future performance and ability of portfolio companies to sell products and, in turn, hurt a Fund’s performance. Certain sports, leisure and entertainment products and services are relatively expensive, and buyers may defer purchases of such products and services during

periods of economic weakness. Conversely, during periods of economic strength, sports, leisure and entertainment sales may exceed expectations. As a consequence, revenues and earnings for sports, leisure and entertainment companies may fluctuate more than those of less economically sensitive companies. Due to the cyclical nature of these industries, inventories may not always be properly balanced, resulting in lost sales when there are shortages or write-offs when there are excess inventories. This may adversely affect the business, financial condition, and results of operations of any portfolio companies.

The recent economic downturn and adverse conditions in the United States and global markets may negatively affect investments in sports and sports related sectors in the future. Game ticket sales, broadcasting and other revenues to a team in part depend on personal disposable income and corporate marketing and hospitality budgets. Further, sponsorship and commercial revenue are contingent upon the expenditures of businesses across a wide range of industries, and as these industries continue to cut costs in response to the economic downturn, revenue may similarly decline. Continued weak economic conditions could cause a reduction in commercial and sponsorship, broadcasting and game-day revenue, each of which could have a material adverse effect on the business, results of operations, financial condition and cash flow of a team's financial results, which could negatively impact a Fund's performance.

#### Credit Exposure

At any given time, a team in a league may have credit exposure to broadcasters, to other teams in the league for traded players and to other various counterparties to operating agreements. A failure of a counterparty to make timely payments could have a material negative effect on the business and results of operations of the portfolio company.

#### Portfolio Company Debt

A portfolio company may also have debt. While such debt may leverage the returns to the equity owners of a portfolio company, it also may increase the riskiness of a Fund's investment. Debt at a portfolio company will likely limit such company's ability to pay dividends or make distributions; may increase the company's vulnerability to general adverse economic and industry conditions because of debt service payments to be made on top of operating expenses; and will likely place other restrictions on the portfolio company. A failure of the portfolio company to make timely payments could result in a default, and have a material negative effect on the business and results of operations of the portfolio company, and on a Fund's investment.

#### Systems and Technology

Each portfolio company is expected to rely upon various internal and third-party software or systems in the operation of its business, including, with respect to ticket sales, credit card processing, email marketing, point of sale transactions, database, inventory, human resource management and financial systems. From time to time, certain of these arrangements may not be covered by long-term agreements. The failure or unavailability of these internal or third-party services or systems, depending upon its severity and duration, could have a material negative effect on the portfolio company's business and results of operations, and thus on the performance of a Fund.

Changes in technology may reduce or revise the demand for the products or services offered by a portfolio company in which a Fund might invest. The sports, leisure and entertainment industries are substantially affected by rapid and significant changes in technology. These changes may alter demand for certain existing services and technologies used in these industries or render them obsolete. The technologies used by or relied upon or produced by a portfolio company could be subject to such occurrence, and such occurrence could have a material negative effect on such portfolio company's business and results of operations.

### Social Media

Use of social media by teams (or individual players on teams) may adversely impact such portfolio companies' (or players') reputations or subject such parties to fines or other penalties. There has been a substantial increase in the use of social media platforms, including blogs, social media websites and other forms of internet-based communication, which allow individuals' access to a broad audience of consumers and other interested persons. Negative commentary about a professional sports team, player or other portfolio company may be posted on social media platforms or similar devices at any time and may harm such party's reputation or business. The harm may be immediate without affording an opportunity for redress or correction. In addition, social media platforms provide users with access to such a broad audience that collective action, such as boycotts, can be more easily organized. If such actions were organized, a portfolio company (or player) could suffer reputational damage as well as loss of revenue, which could negatively impact the investment of the Fund.

A portfolio company may also use social media platforms as marketing tools, such as Facebook, Instagram and Twitter accounts. As laws and regulations rapidly evolve to govern the use of these platforms and devices, the failure by a portfolio company, its employees or third-party contractors to abide by applicable laws and regulations in the use of these platforms and devices could adversely impact the business, financial condition and results of operations of the portfolio company or subject it to fines or other penalties, which could negatively impact performance.

### Privacy, Security, and Data Laws

Failure to comply with applicable privacy, security, and data laws, regulations and standards, could be materially and adversely affect the business of a portfolio company. To the extent a portfolio company collects and processes personal data (including name, address, age, bank details and other personal data) from followers, customers, members, suppliers, business contacts and employees as part of the operation of its business (including online merchandising and ticket sales), the company must comply with applicable data protection and privacy laws. Those laws typically impose certain requirements in respect of the collection, use and processing of personal information. Additionally, information technology systems are subject to an increasing threat of continually evolving cybersecurity risks: the personal data controlled by a portfolio company could be wrongfully accessed and/or used, whether by employees, followers or other third parties, or otherwise lost or disclosed or processed in breach of data protection regulations. If the portfolio company or any of the third-party service providers on

which it relies fails to process such personal data in a lawful or secure manner or if any theft or loss of personal follower data were to occur, the portfolio company could face liability under data protection laws, including requirements to destroy customer information or notify the people to whom such information relates of any non-compliance as well as civil or criminal sanctions. Each of these factors could harm business reputation, brand and have a material adverse effect on the business, results of operations, financial condition, cash flow and prospects of the portfolio company, and negatively impact the value of a portfolio company.

#### Macroeconomic Factors and Force Majeure

The performance of the Fund's investments could be adversely affected by macroeconomic factors, including general industry and economic conditions affecting the sports sector. Such macroeconomic factors include continuing uncertainties affecting economies and capital markets worldwide; and concerns about financial performance, accounting and other issues relating to various companies. A portfolio company's operations could also be subject to natural disasters and other events beyond its control, such as earthquakes, fires, power failures, telecommunication losses, incidents of terrorism, political or social unrest and similar events, and acts of war. Weather conditions could require cancellation or postponement of events and any prolonged business interruption at the home court or stadium could cause a decline in game day revenue. While a portfolio company may have business interruption insurance, such insurance will only cover some, but not all, of these potential events, and even for those events that are covered, it may not be sufficient to compensate the company fully for losses or damages that may occur as a result of such events, including, for example, loss of market-share and diminution of brand, reputation and client loyalty. Such events, whether natural or manmade, could cause severe destruction or interruption to operations, and as a result, the portfolio company's business could suffer serious harm. Professional sports teams regularly tour the country and even the world for promotional games and matches, visiting various sites which may have a history of terrorism or civil unrest, and as a result, such companies and respective players could be potential targets of terrorism when visiting such locations. Risks arise from fan safety threats in and around stadiums, from terror attacks on stadiums to incidents of violence among opposing teams' fans and players. Any one or more of these events could have a material adverse effect on a portfolio company's operation, financial condition or cash flow, and negatively impact the value of a Fund's investment.

#### Labor Relations

The professional sports industry is dependent on the services of highly skilled professional athletes, and throughout recent history, there have been a substantial number of costly labor disputes and work stoppages, which cause not only the obvious impact to the presentation of sporting events, but also to all of the related branches of the sports, leisure and entertainment industries. Each work stoppage cost owners of the affected sports teams lost revenue. The absence of competitive play during a work stoppage may also result in a significant loss of revenue for broadcasting outlets and businesses selling team apparel or other sports merchandise. Further, across leagues, player activism continues to extend beyond the playing field economics, moving into the realm of advocating for social and political change. As a result,

there may be further work stoppages or other player activism that would adversely affect a Fund's performance.

### Investments in Sports-Related Venues

Investments in venues for sporting events can result in additional operational risks, including: pricing and sales pace for suites and sponsorships, including new sales and renewals of existing agreements; performance of the third party asset manager to operate the venue efficiently and effectively; attendance at games and events, which drives on-site spending for concessions and merchandise; general economic conditions that affect corporate and individual spending on entertainment and leisure activities; ability to secure event bookings through relationships with promoters, artists and other clients; popularity of live entertainment events as a whole and individual acts; popularity of the home team or teams, their performance, and fan base; competition from other event venues in the applicable marketplace and other leisure-time activities, such as television, radio, and the internet; organized labor matters; and actions of the respective teams and leagues. Any such risks relating to owning and operating a sporting venue could adversely impact performance.

### **Item 9: Disciplinary Information**

Neither MSP nor any of its management persons have any legal and/or disciplinary events to disclose.

### **Item 10: Other Financial Industry Activities & Affiliations**

Neither MSP nor any officer or employee is registered as a broker dealer or as a representative of a broker dealer; or as a futures commission merchant, a commodity pool operator, or a commodity trading advisor or representative of the foregoing.

We do not have any material business relationships with affiliates. However, certain affiliates of MSP control and operate other sports related investments ("Other Sports Investments"), which are stand-alone operating entities. MSP's investment professionals also provide operating services to the Other Sports Investments.

### **Item 11: Code of Ethics, Participation, or Interest in Client Transactions & Personal Trading**

We have implemented a Code of Ethics (the "Code"), which is available to existing and prospective investors upon request. Our Code is based on the principle that all employees of MSP have a fiduciary duty to place the client's interests ahead of their own or MSP's interests. The Code applies to all "Access Persons," defined below.

Our employees are required submit personal securities transactions and holdings reports for review by our Chief Compliance Officer. We maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of any material non-public information about the Funds or their holdings by us or any of our employees.

“Access Persons” means all employees, directors and officers of MSP who: (i) have access to non-public information regarding the Funds’ purchases or sales of securities; or (ii) are involved in making securities recommendations to the Funds. Investors and prospective investors may obtain a copy of our Code of Ethics by contacting MSP at the address or telephone number listed on the first page of this Brochure.

## **Item 12: Brokerage Practices**

When we acquire investments from the issuer or in a private transaction, we do not use a broker or dealer.

When we acquire investments in the secondary market however, a broker may be involved in sourcing the investment. When we have a choice, we select brokers based on several factors, including experience, expertise, cost, and execution capabilities. We have instituted policies and procedures to ensure that we will place transactions with appropriate care and diligence and address material conflicts of interest.

MSP will not cause the Funds to pay broker-dealers for the provision of certain research and brokerage services (soft dollars).

MSP does not direct brokerage business to brokers who refer prospective investors to MSP or provide some other benefit, including the payment of certain travel expenses incurred during the research process.

## **Item 13: Review of Accounts**

We monitor each Fund’s investments on a continuous basis. We may conduct special reviews based on factors such as a change in the investment environment or tax laws, or newly identified investment areas and opportunities.

MSP provides investors with periodic reports about the Funds and annually audited financial statements. MSP may also provide more frequent reports on new investment opportunities and the associated due diligence process.

## **Item 14: Client Referrals & Other Compensation**

We do not receive any economic benefit, directly or indirectly, in connection with advice we give to the Funds except for our fees as discussed in Item 5.

## **Item 15: Custody**

MSP is deemed to have custody of the Funds’ funds and securities. Investors receive annually audited financial statements.

### **Item 16: Investment Discretion**

We have investment discretion over the Funds' assets, which is limited by any investment restrictions in a Fund's governing documents.

### **Item 17: Voting Client Securities**

MSP has the authority to vote the proxies received on securities held by the Funds. MSP's objective is to vote proxies in the best interests of the Funds as mandated by their objectives described in the private placement and offering memoranda or other applicable governing documents.

MSP's principals will consider whether MSP is subject to any material conflict of interest in connection with each proxy vote. Employees must notify the CCO if they are aware of any material conflict of interest associated with a proxy vote. Potential conflicts will be assessed on a case-by-case basis.

MSP may abstain from voting if it deems that abstinence is in a Fund's best interests. Current investors may request a copy of MSP's full proxy voting policies and procedures and the voting records. Please contact our Chief Compliance Officer at 484-802-8704.

### **Item 18: Financial Information**

Not applicable.