



**Buckeye-Pacific, LLC  
200 S. Wacker Drive, Suite 2650  
Chicago, Illinois 60606**

**Form ADV Part 2A  
March 29, 2023  
Item 1 - Cover Page**

This brochure ("Brochure") provides information about the qualifications and business practices of Buckeye-Pacific, LLC ("Buckeye-Pacific" or the "Firm"), an investment adviser registered with the United States Securities and Exchange Commission ("SEC"). Any reference to Buckeye-Pacific as a "registered investment adviser" or as being "registered," does not imply a certain level of skill or training. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

This Brochure is neither an offer to sell nor a solicitation of an offer to buy shares or limited partnership interests in any of the investment funds sponsored, managed, or advised by Buckeye-Pacific. An offer of such funds can only be made through the offering materials for the relevant investment fund and only in jurisdictions in which such an offer would be lawful.

If you have any questions about the contents of this Brochure, please contact us at 312-858-1670 or [wclark@ircpllc.com](mailto:wclark@ircpllc.com). Additional information about Buckeye-Pacific is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 - Summary of Material Changes**

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The following changes have been made since the most recent filing made on March 31, 2022. Item 4 has been updated to reflect updated RAUM as of December 31, 2022.

### Item 3 - Table of Contents

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## **Item 4 - Advisory Business**

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Buckeye-Pacific, LLC (“Buckeye-Pacific,” the “Firm,” “we,” “us,” or “our”) is a Delaware limited liability company that was formed in 2011 and is principally owned by Evan Dreyfuss and Matthew Regan. Buckeye-Pacific provides discretionary investment advice to one or more pooled investment vehicles structured as private funds (each, a “Fund” or “Client”). South LaSalle Managers, LLC (the “General Partner”) serves as general partner to Buckeye-Pacific’s private funds. We seek to generate absolute, risk-adjusted returns that have low correlation to the broad equity market by pursuing a long/short distressed-debt focused strategy on behalf of the Funds.

All discussions of the Funds in this brochure, including but not limited to their investments, the strategies used in managing the Funds, the fees and other costs associated with an investment in the Funds, and conflicts of interest faced by the Firm in connection with management of the Funds, are qualified in their entirety by reference to each Fund’s respective offering memorandum, subscription agreement, advisory agreement (or equivalent), or other governing documents, as applicable (collectively, “Governing Documents”). Any defined terms used in this Brochure not otherwise defined herein have their definitions ascribed to them in the offering documents of the applicable Fund (as defined below).

With respect to each Fund that we manage, we tailor our investment advisory services to the strategies and conditions set forth the Fund’s respective Governing Document(s) rather than to the individual needs of any Fund’s underlying investors (each, an “Investor”). It should be noted that as a general matter, we do not tailor our services to take into account any specific conditions of any Investor, and Investors generally may not prescribe additional investment restrictions beyond those described in the applicable Governing Documents.

As of December 31, 2022, we managed approximately \$209,137,341 regulatory assets under management. We do not manage any non-discretionary assets.

## **Item 5 - Fees and Compensation**

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We or an affiliate serving as the general partner (or equivalent) of a Fund receive a management fee and/or an incentive allocation in connection with the services we provide the Funds (collectively, “Private Fund Fees”). Our Investors are “qualified purchasers,” as defined in the Investment Company Act of 1940 or “knowledgeable employees;” thus, more detailed information regarding our Private Fund Fees are not required to be provided herein and are fully described in each Fund’s respective Governing Documents. We may waive or reduce all or any portion of the Private Fund Fees with respect to any Investor or Fund.

Subject to the terms of the applicable Governing documents, in addition to the Private Fund Fees, each Fund bears certain direct operating costs and expenses, including, without limitation: (a) administrative, legal, accounting, auditing, record-keeping, tax form preparation, compliance and consulting costs and expenses (including costs and expenses associated with obtaining systems and other information designed to facilitate Fund accounting or record-keeping, including related software); insurance costs and expenses; bank service fees; costs and expenses associated with preparing Investor communications; and printing and mailing costs; (b) costs and expenses incurred in connection with the investment and reinvestment of the Fund’s assets, including brokerage commissions, dealer mark-ups, mark-downs and spreads, research costs and related clearing and settlement charges; (c) fees and taxes imposed by any federal, state, local or foreign government, governmental agency or regulatory body or self-regulatory organization, including licensing, filing, registration and exemption fees and withholding, transfer and franchise taxes; (d) the Fund’s indemnification obligations under the applicable Governing Documents or other contractual agreements; and (e) extraordinary costs and expenses, if any.

The fees described in this section do not include expenses paid to broker-dealers for executing transactions in Client accounts or other transaction costs. See Item 12 “Brokerage Practices” below for a description of the factors that we consider in selecting or recommending broker-dealers for Client transactions and determining the reasonableness of their brokerage fees.

The management fee is generally deducted quarterly, in advance. We deduct Private Fund Fees, including the management fee, directly from an Investor’s Capital Account(s), as determined by the terms of the applicable Governing Documents. Subject to the terms of the applicable Governing Documents, an Investor who withdraws from a Fund during a calendar quarter will receive a pro-rated, rebate of their pre-paid management fee.

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

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Investors in a Fund may pay a performance-based incentive allocation charged on the basis of a share of capital gains or capital appreciation of the assets held in the Fund. Any performance-based incentive allocation will be charged in accordance with Section 205 of the Advisers Act and Rule 205-3 thereunder. Investors in Funds also generally pay a management fee consisting of a percentage of assets under management. Please refer to Item 5 for more detail.

It should be noted that the possibility for Buckeye-Pacific to receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for Buckeye-Pacific to make investments that are riskier or more speculative than would be the case in the absence of such a performance-based fee. However, this incentive may be tempered somewhat by the fact that losses will reduce client performance and thus the fees earned. Investors are provided with clear disclosure as to how performance-based compensation is charged with respect to a particular fund and the risks associated with such performance-based compensation prior to making an investment. We recognize that we are a fiduciary and, as such, must act in the best interests of our Clients. Further, we recognize that we must treat all Clients fairly and must refrain from favoring one Client's interests over those of another.

We generally address the potential conflicts of interest discussed above in several ways. We have adopted trade allocation and order aggregation policies and procedures to address certain conflicts of interest and to provide for the equitable allocation of investment and divestment opportunities amongst Funds eligible for the same opportunity. More information related to trade allocation and order aggregation is available in Item 12 below.

## **Item 7 - Types of Clients**

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We currently only provide investment advice to the Funds, but may provide our investment advice to other types of Clients, which may include institutions, investment pools, trusts, endowments, sovereign wealth funds, pension plans, or charitable organizations, but excluding persons within the definition of "retail investors" under Rule 17a-14(e)(2) of the Securities Exchange Act of 1934. Investors in the Funds are generally subject to a minimum investment amount of \$250,000 but we may waive this minimum.

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

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As discussed above in Item 4, we seek to generate absolute, risk-adjusted returns that have low correlation to the broad equity market by pursuing a long/short distressed-debt focused strategy on behalf of the Funds. The following is a general discussion of the methods of analysis, investment strategies and the risk of loss associated with our overall investment strategy. These risk factors may change over time. An investment in a Fund is a highly speculative investment and is not intended as a complete investment program, and is designed only for sophisticated persons who are able to risk losing their investment in the Fund and who have limited need for liquidity. There can be no assurance that any Fund will achieve its objectives or that any Fund will not incur losses. Investors must be prepared to lose all or substantially all of their investment in a Fund.

**THE INFORMATION BELOW IS INTENDED TO SERVE AS A SUMMARY OF POTENTIAL RISKS OF INVESTING IN A FUND. THE FOLLOWING IS NOT A SUBSTITUTE FOR THE OFFERING DOCUMENTS OF THE FUNDS. POTENTIAL INVESTORS IN THE FUNDS MUST REVIEW OFFERING DOCUMENTS IN THEIR ENTIRETY BEFORE INVESTING. THIS INFORMATION MAY BE BOTH SUPPLEMENTED AND SUPERSEDED BY INFORMATION IN THE OFFERING DOCUMENTS FOR THE FUNDS.**

### **GENERAL INVESTMENT RISK**

All investments in securities and other financial instruments involve substantial risk of volatility (potentially resulting in rapid declines in market prices and significant losses) arising from any number of factors that are beyond the control of a General Partner or Buckeye-Pacific, such as: changing market sentiment; changes in industrial conditions, competition and technology; changes in inflation, exchange or interest rates; changing domestic or international economic or political conditions or events; changes in tax laws and governmental regulation; and changes in trade, fiscal, monetary or exchange control programs or policies of governments or their agencies (including their central banks). Changes such as these, as well as innumerable other factors, are often unpredictable and unforeseeable, rendering it difficult or impossible to predict or foresee future market movements. Unexpected volatility or illiquidity in the markets in which a Fund holds positions could impair its ability to achieve its objectives and cause it to incur losses.

The global financial markets over the past few years have experienced a period of unprecedented disruption and stress. It is uncertain how long these conditions will continue. Markets previously thought to be uncorrelated have been shown to be

correlated, credit markets have in some cases ceased functioning, many markets have experienced record levels of volatility and governments have intervened in extraordinary and unpredictable ways, at times on an emergency basis, to the detriment of certain market participants. It is impossible to predict what ongoing impact these events will have on a Fund, its General Partner and/or Buckeye-Pacific.

Legal, tax and regulatory changes could occur during the term of a Fund which may materially adversely affect the ability of a Fund to pursue its investment strategies or achieve its investment objective.

Although the General Partner and Buckeye-Pacific believe that a Fund's investment program should mitigate the risk of loss through a careful selection and monitoring of investments, an investment in a Fund is nevertheless subject to loss, including possible loss of the entire amount invested. No guarantee or representation is made that a Fund will be successful, and a Fund's investment results may vary substantially over time.

### **STRATEGY RISK**

The business of investing in securities is highly competitive and the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. The prices of securities, as well as the prices of commodities contracts, futures and forward contracts and other Structured Instruments that a Fund may hold or in which a Fund may invest, can be highly volatile. Price movements of equity, debt and other securities (including Structured Instruments), as well as of forward, futures and related contracts in which a Fund's assets may be invested will be influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of government, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instrument futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The effect of such intervention is often heightened by a group of governments acting in concert. For example, it is possible that an exchange or the CFTC may suspend trading in a particular futures contract, order immediate liquidation and settlement of a particular futures contract or order that trading in a particular contract be conducted for liquidation only. Similarly, trading in options on a particular futures contract may become restricted if trading in the underlying futures contract has become restricted. Moreover, war, political or economic crisis or other events may occur which can be highly disruptive to the markets, regardless of the strategies being employed. In addition, the value of a Fund's portfolio may fluctuate as the general level of interest rates fluctuates. A Fund is also subject to the risk of failure of any of the exchanges on which its positions trade or the failure of clearinghouses. Sustained cyclical market declines and periods of unusual market volatility make it more difficult to produce positive trading results, and there can be no assurance that a Fund's strategies will be successful in such markets.

#### **Investments in Securities Generally**

All securities investments risk the loss of capital. No guarantee or representation is made that a Fund's program will be successful. A Fund's investment program will involve, without limitation, risks associated with limited diversification, leverage, interest rates, currencies (including without limitation in connection with securities denominated in currencies other than the US dollar and certain derivative instruments), volatility, tracking risks in hedged positions, security borrowing risks in short sales, credit deterioration or default risks, systems risks and other risks inherent in a Fund's activities. Certain investment techniques of a Fund can, in certain circumstances, maximize the impact of adverse market moves to which a Fund may be subject. In addition, a Fund's investment in securities may be materially affected by conditions in the financial markets and overall economic conditions occurring globally and in particular countries or markets where assets of an issuer in whose securities a Fund has invested are located.

#### **Debt Securities Generally**

A Fund will invest in debt or other fixed income securities. These securities are generally debt instruments issuers use as a means of borrowing money. The issuer generally pays the investor a fixed, variable or floating rate of interest and, at the maturity of the instrument, must repay the amount borrowed. Some debt securities do not pay current interest, but are sold at a discount to their face value. Debt securities have varying levels of sensitivity to changes in interest rates and varying degrees of credit quality. Assuming other factors remain constant (i.e., the credit worthiness of the issuer), credit instruments generally increase in value when interest rates fall and decrease in value when interest rates rise.

#### **Dependence on Issuers**

A Fund's investment program will include, to a significant extent, investments in loans and loan participations (collectively, "Loans") to, and debt securities issued by, issuers. The value of these credit-related obligations may decline for a number of reasons which

directly relate to the issuer of such obligations, such as management performance, financial leverage and reduced demand for the issuer's goods and services. In addition, a Fund's performance could be adversely affected if issuers of credit-related instruments in which a Fund has an interest (or as to which it has entered into credit-related derivatives contracts) default on those instruments (either through payment default or other events that constitute a default as defined in the relevant agreements) or if events occur that reduce the creditworthiness of those issuers. If a credit instrument were to become subject to such an event, the value of the instrument could be significantly reduced, conceivably to zero.

### **Prepayment**

During periods of declining interest rates or for other purposes, borrowers may exercise their option to prepay principal earlier than scheduled, potentially causing a Fund to incur capital loss and/or to reinvest in lower yielding obligations. This is known as call or prepayment risk. Certain debt obligations have call protection features that permit the issuer to redeem the security or instrument prior to a stated date only if certain prescribed conditions are met ("call protection"). An issuer may redeem a security or instrument if, for example, the issuer can refinance the debt at a lower cost due to declining interest rates or an improvement in the credit standing of the issuer. Corporate publicly and privately issued bonds and other debt securities ("Bonds") typically have limited call protection. Loans typically have little or no call protection. For premium Bonds and premium Loans (Bonds and Loans priced above their par or principal value) held by a Fund, prepayment risk is enhanced.

### **Non-Investment Grade Bonds**

A Fund may invest in Bonds (commonly known as "junk bonds") that are of below investment grade quality (rated below Baa3 by Moody's Investors Service, Inc. or below BBB- by Standard & Poor's Ratings Group and Fitch Ratings or, if unrated, reasonably determined by the General Partner (or Buckeye-Pacific, as the case may be) to be of comparable quality) ("Non-Investment Grade Bonds"). A Fund's investments in Non-Investment Grade Bonds are predominantly speculative because of the credit risk of their issuers. While normally offering higher yields, Non-Investment Grade Bonds typically entail greater potential price volatility and may be less liquid than investment grade securities. Issuers of Non-Investment Grade Bonds are more likely to default on their payments of interest and principal owed to a Fund, and such defaults will reduce a Fund's Net Asset Value and income distributions. The prices of these lower rated obligations are more sensitive to negative developments than higher rated securities. Adverse business conditions, such as a decline in the issuer's revenues or an economic downturn, generally lead to a higher non-payment rate. In addition, a Non-Investment Grade Bond may lose significant value before a default occurs as the market adjusts to expected higher non-payment rates. Adverse publicity and changing investor perceptions may affect the ability to obtain prices for or to sell these securities.

Analyses of the creditworthiness of issuers of Non-Investment Grade Bonds may be more complex than for issuers of investment grade instruments. Credit quality of non-investment grade issuers can change suddenly and unexpectedly, and even recently issued credit ratings may not fully reflect the actual risks posed by a particular non-investment grade instrument. A Fund may invest in debt of companies with complex and leveraged balance sheets. A Fund's success in achieving its investment objective may depend more heavily on the General Partner's or Buckeye-Pacific's, as the case may be, analyses of debtors' creditworthiness than would be the case if a Fund invested exclusively in investment grade securities.

### **Senior Loans**

A portion of a Fund's investments may be comprised of senior secured floating rate Loans ("Senior Loans"). Economic and other events (whether real or perceived) can reduce the demand for certain Senior Loans or Senior Loans generally, which may reduce market prices and cause a Fund's Net Asset Value to fall. The frequency and magnitude of such changes cannot be predicted.

Senior Loans and other debt instruments are also subject to the risk of price declines due to increases in prevailing interest rates, although floating-rate debt instruments are substantially less exposed to this risk than fixed-rate debt instruments. Interest rate changes may also increase prepayments of debt obligations and require a Fund to invest assets at lower yields. No active trading market may exist for certain Loans, which may impair the ability of a Fund to realize full value in the event of the need to liquidate such assets. Adverse market conditions may impair the liquidity of some actively traded Loans.

CLO's and other structured investment funds have been large purchasers of Senior Loans in the last decade. Adverse loan market conditions could trigger events of default on these vehicles, which could in turn subject them to forced liquidations. Forced liquidations of these vehicles could have a material negative impact on prices of loans.

A Fund's investments in Senior Loans may include Senior Loans that are below investment grade and may be considered speculative because of the credit risk of their issuers. The risks associated with Senior Loans of below investment grade quality are similar to the risks of Non-Investment Grade Bonds, although Senior Loans are typically senior and secured in contrast to Non-Investment

Grade Bonds, which are generally subordinated and unsecured. Senior Loans' higher standing has historically resulted in generally higher recoveries in the event of a corporate reorganization. In addition, because their interest payments are adjusted for changes in short-term interest rates, investments in Senior Loans generally have less interest rate risk than Non-Investment Grade Bonds, which are typically fixed rate. However, issuers of below grade Senior Loans may be more likely to default on their payments of interest and principal owed to a Fund, and such defaults could reduce a Fund's Net Asset Value and income distributions. An economic downturn generally leads to a higher non-payment rate, and a debt obligation may lose significant value before a default occurs. Moreover, any specific collateral used to secure a Loan may decline in value or become illiquid, which would adversely affect the Loan's value.

### **Risk of Investing in Distressed Securities**

A Fund may invest in securities of enterprises that are experiencing or have experienced significant financial or business difficulties (including as the result of the initiation or prospect of significant litigation or bankruptcy proceedings). Investments may include loans, bank debt, commercial paper, trade claims held by trade or other creditors, stocks, Fund interests, swaps (including without limitation, credit default swaps), private equity investments and similar financial, derivative or other instruments, executory contracts and options, rights or participations in any of the foregoing, which are not publicly traded. Distressed securities may generate significant returns to a Fund, but also involve a substantial degree of risk. A Fund may lose a substantial portion or all of its investment in a distressed company or may be required to accept cash or securities with a value less than a Fund's original investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it is frequently difficult to obtain information as to the true condition of such entities. Such investments also may be adversely affected by state and federal laws and the laws of non-U.S. jurisdictions relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and asked prices of such instruments may be greater than for non-distressed securities. In trading distressed securities, litigation is sometimes required. Such litigation can be time-consuming and expensive, and can frequently lead to unpredicted delays or losses. Moreover, it may sometimes be difficult to enforce and collect on these obligations.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to a Fund of the security in respect to which such distribution was made.

It is anticipated that certain debt instruments purchased by a Fund will be non-performing and possibly in default. There can be no assurance as to the amount and timing of payments, if any, with respect to debt or other investments.

### **Participations in Loans Originated by Third Parties**

A Fund may acquire assignments and participations in Loans originated by third parties. A Fund may also purchase assignments and participations in Loans in the secondary market. Participations acquired by a Fund in a portion of a Loan held by a selling institution (the "Selling Institution") will typically result in a contractual relationship only with such Selling Institution and not the borrower on the Loan. A Fund will have the right to receive payments of interest, principal and any fees only from the Selling Institution and only after receipt of such amounts by the Selling Institution from the borrower on the Loan. As the holder of a participation in a Loan, a Fund generally will have no right to enforce compliance by the borrower with the terms of the Loan or credit agreement or any instrument evidencing such debt obligation, nor will a Fund have any rights of setoff against the borrower, and a Fund may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, a Fund would assume the credit risk of both the borrower and the Selling Institution. In the event of the insolvency of the Selling Institution, a Fund may be treated as a general creditor of the Selling Institution in respect of the participation and may not benefit from any setoff between the Selling Institution and the borrower.

In addition, a Fund may not have the right to vote to waive enforcement of any default by a borrower under a Loan in which a Fund holds a participation. Selling Institutions commonly reserve the right to administer the Loans in which they participate as they see fit and to amend the documentation evidencing such Loans in all respects. However, most participation agreements with respect to Loans provide that the Selling Institution may not vote in favor of any amendment, modification or waiver that forgives principal, interest or fees, reduces principal, interest or fees that are payable, postpones any payment of principal (whether a scheduled payment or a mandatory prepayment), interest or fees, or releases any material guarantee or security without the consent of the participant (at least to the extent the participant would be affected by any such amendment, modification or waiver). A Selling

Institution voting in connection with a potential waiver of a default by a borrower may have interests different from those of a Fund and the Selling Institution might not consider the interests of a Fund in connection with its vote. In addition, many participation agreements with respect to bank Loans that provide voting rights to the participant further provide that, if the participant does not vote in favor of amendments, modifications or waivers, the Selling Institution may repurchase such participation at par.

A Fund may also directly or indirectly purchase participations in distressed bank Loans in the secondary market. The risks associated with the purchase of participations by a Fund described above also apply to the purchase of such other participations in Loans.

### **Risk of Investing in Bank Debt**

A Fund's investment program may include investments in significant amounts of bank debt and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of a Fund to directly enforce its rights with respect to participations. In analyzing bank debt transactions or participations, the General Partner or Buckeye-Pacific, as the case may be, will compare the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by a Fund.

From time to time a Fund may incur contingent liabilities in connection with bank debt or similar investment. For example, a Fund may purchase from a lender a revolving credit facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, a Fund would be obligated to fund the amounts due.

Purchasers of bank debt are predominantly commercial banks, investment funds, mutual funds and investment banks. As secondary market trading volumes increase, issuers of new bank debt are increasingly adopting standardized documentation to facilitate bank debt trading which may improve market liquidity. There can be no assurance, however, that future levels of supply and demand in bank debt trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because of the provision to holders of such Loans of confidential information relating to the borrower, the unique and customized nature of the bank debt agreement and the private syndication of bank debt, bank debt is not as easily purchased or sold as a publicly traded security, and historically the trading volume in the bank debt market has been small relative to the high yield debt market.

Investing in bank debt involves the risk to a Fund that misrepresentations or omissions on the part of the borrower could adversely affect the valuation of the collateral underlying the Loans or may adversely affect the ability of a Fund to perfect or effectuate a lien on the collateral securing the bank debt. A Fund will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to a Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

### **Second Lien Loans**

The Loans acquired by a Fund may include Second Lien Loans. Second Lien Loans are subject to the same risks associated with Non-Investment Grade Bonds, Senior Loans, and Loans in general described above. However, Second Lien Loans are second in right of payment to any outstanding Senior Loans of the borrower and therefore are subject to additional risk that the cash flow of the borrower and the property securing the Loan may be insufficient to repay the scheduled payments to a Fund after giving effect to any senior secured obligations of the borrower. Second Lien Loans are expected to be a more illiquid investment than Senior Loans for such reason. There also is less likelihood that a Fund will be able to sell participations in Second Lien Loans that it originates or acquires, which would expose a Fund to increased risk.

### **Other Secured Loans**

The Loans acquired by a Fund may include secured Loans other than Senior Loans and Second Lien Loans. These other secured Loans are subject to the same risks associated with Non-Investment Grade Bonds, Senior Loans, Second Lien Loans, and Loans in general described above. However, such Loans may rank lower in right of payment than any outstanding Senior Loans and Second Lien Loans of the borrower and therefore are subject to additional risk that the cash flow of the borrower and the property securing the Loan may be insufficient to repay the scheduled payments to a Fund after giving effect to the higher ranking secured obligations of the borrower. Lower ranking secured Loans are expected to have greater price volatility than Senior Loans and Second Lien Loans and may be less liquid.

There also is less likelihood that a Fund will be able to sell participations in lower ranking Loans that it originates or acquires, which would expose a Fund to increased risk.

### **Subordinated Loans**

The Loans acquired by a Fund may include subordinated Loans. Subordinated Loans are subject to the same risks associated with Loans in general described above. However, because subordinated Loans represent the most subordinated class of a borrower's debt structure and are expected to be unsecured, subordinated Loans represent a highly leveraged investment in the borrower which suffers the greatest risk of loss including a risk of loss of the entire investment. Subordinated Loans are also expected to be particularly illiquid investments. There can be no assurance that a Fund will be able to sell participations in subordinated Loans that it acquires, which would expose a Fund to increased risk.

### **Mezzanine Loans**

The Loans acquired by a Fund may include mezzanine Loans. Mezzanine Loans are subject to the same risks associated with Loans in general described above. However, mezzanine Loans are not a senior secured obligation of the related borrower and may be unsecured, and therefore are subject to the additional risk that the cash flow of the related borrower and the property securing the Loan (if any) may be insufficient to repay the scheduled payments to a Fund after giving effect to any senior obligations of the related borrower. Mezzanine Loans are also expected to be highly illiquid investments. There can be no assurance that a Fund will be able to sell participations in mezzanine Loans that it originates or acquires, which would expose a Fund to increased risk. Mezzanine Loans originated or acquired by a Fund will be subject to certain additional risks to the extent that such Loans may not be protected by financial covenants or limitations upon additional indebtedness.

### **Unsecured Loans**

The Loans acquired by a Fund may include unsecured Loans. Unsecured Loans are subject to the same risks associated with Non-Investment Grade Bonds, Senior Loans, Second Lien Loans and other secured Loans, and Loans in general described above. However, because unsecured Loans have lower priority in right of payment to any higher ranking obligations of the borrower and are not backed by a security interest in any specific collateral, they are subject to additional risk that the cash flow of the borrower and available assets may be insufficient to meet scheduled payments after giving effect to any higher ranking obligations of the borrower. Unsecured Loans are expected to have greater price volatility than Senior Loans, Second Lien Loans and other secured Loans and may be less liquid. There can be no assurance that a Fund will be able to sell participations in unsecured Loans that it originates or acquires, which would expose a Fund to increased risk.

### **Private Debt Investments**

A Fund may invest in privately issued secured and unsecured debt of both public and private companies. Private debt investments generally are of non-investment grade quality, frequently are unrated and present many of the same risks as investing in non-investment grade Loans and Non-Investment Grade Bonds. Whenever a Fund invests in companies that do not publicly report financial and other material information, it assumes a greater degree of investment risk and reliance upon the General Partner's or Buckeye-Pacific's, as the case may be, ability to obtain and evaluate applicable information concerning such companies' creditworthiness and other investment considerations. Valuation may require more research, and elements of judgment may play a greater role in the valuation of private debt investments as compared to investments in public debt securities because there is less reliable objective data available. Because there is often no readily available trading market for private debt investments, a Fund may not be able to readily dispose of such investments at prices that approximate those at which a Fund could sell them if they were more widely traded. Investing in private debt instruments is a highly specialized investment practice that depends more heavily on independent credit analysis than investments in other types of obligations.

### **Distressed Debt Obligations**

Distressed Debt Obligations generally present the same risks as investments in Non-Investment Grade Bonds and Loans of below investment grade quality. However, in most cases, the risks of Distressed Debt Obligations are of greater magnitude because of the uncertainties of investing in an issuer undergoing financial distress. An issuer of Distressed Debt Obligations may be in bankruptcy or undergoing some other form of financial restructuring (see "Issuers Involved in Bankruptcy Cases" below). Interest and/or principal payments on Distressed Debt Obligations may be in default. Distressed Debt Obligations present a risk of loss of principal value, including potentially a total loss of value. Distressed Debt Obligations may be highly illiquid and the prices for which Distressed Debt Obligations may currently be sold may represent a substantial discount to what the General Partner or Buckeye-Pacific, as the case may be, believes to be the ultimate value of such obligations.

### **Investment Grade Bonds**

A Fund may invest in Bonds that are of investment grade quality issued by corporations and other non-governmental entities and issuers. Although more creditworthy and less risky than Non-Investment Grade Bonds, investment grade Bonds are subject to market risk (i.e., the risk that the value of an investment will decrease due to moves in market factors) and credit risk (i.e., the risk

that the issuer will be unable to make payments of principal and interest). The values of investment grade Bonds, like those of other debt securities, may be affected by changes in the credit rating or financial condition of an issuer. Some investment grade Bonds may possess speculative characteristics, and may be more sensitive to economic changes and changes in the financial condition of issuers. The market prices of investment grade Bonds in the lowest investment grade categories may fluctuate more than higher-quality securities and may decline significantly in periods of general or regional economic difficulty. Similarly to the Non-Investment Grade Bonds, such investment grade Bonds in the lowest investment grade categories may be thinly traded, making them difficult to sell promptly at an acceptable price.

### **Risk of Investing in Convertible Securities**

Convertible securities are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles its holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by a Fund is called for redemption, a Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third-party. Any of these actions could have an adverse effect on a Fund's ability to achieve its investment objective.

A Fund may invest in structured over-the-counter convertible securities offered by a bank, broker, dealer or financial intermediary, whereby the conversion value is determined by reference to a security for an issuer different than the obligor of the convertible security. Such a security would be subject to the risks inherent in other privately negotiated transactions (see "Counterparty Risk" below).

### **Interest Rate Risk**

A Fund's investments may be subject to interest rate risk. Generally, the value of debt securities will change inversely with changes in interest rates. As interest rates rise, the market value of debt securities tends to decrease. Conversely, as interest rates fall, the market value of debt securities tends to increase. This risk will be greater for long-term securities than for short-term securities. While a Fund may from time to time seek to hedge such risks (including through long or short investments in treasury securities or derivative instruments), there is no assurance that such measures, even if implemented, will be effective.

### **Limited Experience in Certain Areas of the Credit Market**

To the extent that the General Partner or Buckeye-Pacific, as the case may be, has limited experience in a particular area of the credit market which it determines offers an attractive investment opportunity to a Fund, the General Partner or Buckeye-Pacific, as the case may be, may, but will be under no obligation to, arrange for outside advisers or other persons acting in similar capacities to advise a Fund on such areas in consideration for a fee or in certain circumstances an equity participation or share of the return on investments in such areas, which may be pursuant to a joint venture or similar arrangement. There can be no assurance that the limited experience of the General Partner or Buckeye-Pacific, as the case may be, in any such additional area of the credit market will not result in a lower return than anticipated or a greater risk of loss on such investments even if the General Partner or Buckeye-Pacific, as the case may be, arranges for outside advisers with experience in such areas to advise it.

## **Valuation of Some Investments**

A Fund may not be able to liquidate some of the securities owned or otherwise held by it that are less liquid if the need were to arise and rapid sales of securities could depress their market value, reducing a Fund's profits, or increasing a Fund's losses, in the securities. In addition, in certain circumstances there may be no market for a particular Security at any price.

While the General Partner or Buckeye-Pacific, as the case may be, will typically value a Fund's portfolio based on pricing information obtained from independent sources including third party pricing services (such as FT Interactive Data and Loan Pricing Corporation), Bloomberg, a Fund's custodian, and other brokers, it may also rely on pricing information developed internally. Because the Incentive Allocation received by the General Partner is based on a percentage of a Fund's net profits (which may in certain circumstances include unrealized gains on a Fund's investments), the General Partner's involvement regarding valuation may present a conflict of interest. Independent pricing information may not at times be available with respect to certain of a Fund's assets.

Pricing inaccuracies could cause the Net Asset Value on which the General Partner bases various decisions (including determining Capital Contributions and Capital Withdrawal amounts) to differ significantly from the value a Fund can ultimately realize on its investments. In addition, inaccuracies in valuation could affect a Fund's portfolio management activities and, as a result, cause a Fund to experience significant losses. The General Partner or Buckeye-Pacific, as the case may be, will use whatever criteria and techniques it, in its discretion, considers appropriate under all the circumstances. The value the General Partner or Buckeye-Pacific, as the case may be, assigns to securities (including Restricted Securities (as such term is defined in this Memorandum)), illiquid securities (including thinly traded securities and Restricted Securities) and large blocks of securities for purposes of determining Net Asset Value may differ from the value a Fund (or an Investor who receives in-kind securities upon a Capital Withdrawal) is ultimately able to realize upon the sale of those securities. The limited liquidity of a Fund's investments may have an impact on an Investor's ability to withdraw capital or to receive Capital Withdrawal proceeds. It could also cause a Fund to elect to pay Capital Withdrawal proceeds in the form of securities, some or all of which may be illiquid. If that were to occur, the withdrawing Investor might not be able to realize the value assigned to those securities at the time they were distributed to such Investor.

## **Equity Securities**

A Fund may invest in preferred or common stocks and there is no limitation on the type, size or operating experience of the companies in which a Fund may invest. All of a Fund's investments in stocks will be subject to normal market risks, although investments in small capitalization companies will have more limited marketability than the securities of larger companies (see "Small Capitalization Companies" below). While diversification among issuers may mitigate these risks, a Fund is not required to diversify its investments in securities, and investors must expect fluctuations in the value of securities held by a Fund based on market conditions.

## **Hedging Transactions**

A Fund may utilize financial instruments, both for investment purposes and for risk management purposes, in order to (i) protect against possible changes in the market value of a Fund's investment portfolios resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect a Fund's unrealized gains; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in a Fund's portfolio; (v) hedge the interest rate or currency exchange rate on any of a Fund's liabilities or assets; (vi) protect against any increase in the price of any securities a Fund anticipates purchasing at a later date; or (vii) for any other reason that the General Partner or Buckeye-Pacific, as the case may be, may deem appropriate.

The success of a Fund's hedging strategy will depend, in part, upon the ability of the General Partner, or Buckeye-Pacific, as the case may be, to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a Fund's hedging strategy will also be subject to the ability of the General Partner or Buckeye-Pacific, as the case may be, to continually recalculate, readjust and execute hedges in an efficient and timely manner. While a Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for a Fund than if it had not engaged in such hedging transactions. For a variety of reasons, the General Partner or Buckeye-Pacific, as the case may be, may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent a Fund from achieving the intended hedge or expose a Fund to risk of loss. The General Partner or Buckeye-Pacific, as the case may be, may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, because it does not foresee the occurrence of the risk, or for other reasons identified by the General Partner or Buckeye-Pacific, as the case may be. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of a Fund's portfolio

holdings. There can be no assurance that the General Partner or Buckeye-Pacific, as the case may be, will be successful in using hedging and risk management transactions.

### **Issuers Involved in Bankruptcy Cases**

Through its investments, a Fund may become either a creditor of or equity holder in one or more companies involved in bankruptcy proceedings. There are a number of significant risks when investing in companies involved in bankruptcy proceedings. 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 a Fund. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and functional operating control of a debtor.

A Fund may invest in bankruptcy claims which are amounts owed to creditors of companies in financial difficulty. Bankruptcy claims are illiquid and generally do not pay interest and there can be no guarantee that the debtor will ever be able to satisfy the obligation on the bankruptcy claim. The markets in bankruptcy claims are not generally regulated by federal securities laws or the SEC. Because bankruptcy claims are frequently unsecured, holders of such claims may have a lower priority in terms of payment than certain other creditors in a bankruptcy proceeding. In addition, under certain circumstances, payments and distributions may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

Generally, the duration of a bankruptcy case can only be roughly estimated. 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 a Fund; it is subject to unpredictable and lengthy delays; and during the process the company's competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and may be required to liquidate assets. Investments in the debt of companies in financial reorganization will, in most cases, not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer's fundamental values. Such investments can result in a total loss of principal.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that a Fund's influence with respect to a class of securities can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

A Fund may invest in companies based in Organization for Economic Co-operation and Development ("OECD") and other non-U.S. countries. Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

The General Partner or Buckeye-Pacific, as the case may be, on behalf of a Fund, may elect to serve on creditors' committees, equity holders' committees or other groups to ensure preservation or enhancement of a Fund's 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 General Partner or Buckeye-Pacific, as the case may be, concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to a Fund, it will resign from that committee or group, and a Fund may not realize the benefits, if any, of participation on the committee or group. In addition, and also as discussed above, if a 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.

A Fund may desire to purchase creditors' claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

Under common law principles that in some cases form the basis for lender liability claims, if a lender (a) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes

misrepresentations to, such other creditors or (d) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called “equitable subordination”). A Fund does not intend to engage in conduct that would form the basis for a successful cause of action based upon the equitable subordination doctrine; however, because of the nature of the debt obligations, a Fund may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the issuer should be equitably subordinated.

#### **Private Placements and Restricted Securities (including Rule 144A and Regulation D Offerings under the Securities Act)**

Private investments in public company securities (“Restricted Securities”) may be a component of a Fund’s investment strategy. These Restricted Securities can take various forms including but not limited to common stock, preferred stock, debentures, equity lines, and convertible securities. Restricted Securities generally can only be sold in privately negotiated transactions, pursuant to an exemption from registration under the Securities Act, the securities laws of foreign jurisdictions or in a registered offering. Restricted Securities are typically illiquid and often it is difficult to determine their fair market value. Where registration is required, the holder may be obligated to pay all or part of the registration expense and a considerable period may elapse between the time it decides to seek registration and the time it may be permitted to sell a security under an effective registration statement. If, during such a period, adverse market conditions were to develop, the holder might obtain a less favorable price than prevailed when it decided to seek registration of the security. Some risks specifically associated with Restricted Securities include the following: liquidity, regulatory compliance of issuers, risk of regulatory scrutiny, legal proceedings, and underwriter and transaction costs.

#### **Small Capitalization Companies**

A Fund may invest a portion of its assets in small and/or unseasoned companies. While smaller companies generally have potential for rapid growth, they often involve higher risks because they may lack the management experience, financial resources, product diversification, and competitive strength of larger companies. In addition, the securities of companies with small capitalization may be traded only on over-the-counter markets or on regional securities exchanges. As a result, the securities of smaller companies may be subject to wider price fluctuations. When liquidating large positions in small companies, a Fund may have to sell portfolio holdings at discounts from quoted prices or may have to make a series of small transactions over an extended period of time.

#### **Long Positions**

The success of the long positions established for a Fund by Buckeye-Pacific will depend in large part on Buckeye-Pacific’s ability to accurately assess a Fundamental value of those positions. An accurate assessment of fundamental value depends on a complex analysis of a number of financial and legal factors. No assurance can be given that a Fund will be in a position to assess the nature and magnitude of all material factors having a bearing on the value of a Fund’s long positions, or that Buckeye-Pacific will accurately assess the impact of all factors of which it is aware.

#### **Short Selling**

A Fund may to sell securities short in certain situations. Short selling involves the sale of borrowed securities. In order to sell a security short, a Fund must borrow the security from a securities lender and deliver it to the buyer. A Fund is then obligated to return the security to the lender at its request (although a Fund remains free to return the security to the lender at any time prior to the lender’s request). A Fund ordinarily fulfills its obligation to return a security previously sold short by acquiring it in the open market.

A short sale by a Fund ordinarily involves a judgment on Buckeye-Pacific’s part that, subsequent to the sale, the price of the security will fall over time, resulting in profits equal to the difference between the net proceeds of the sale and the cost of acquiring the security (or a security exchangeable for or convertible into such security) at a later date to fulfill the obligation to return the security to the lender.

The principal risk in selling a particular security short is that, contrary to Buckeye-Pacific’s expectation, the price of the security will rise, resulting in a loss equal to the difference between the cost of acquiring the security (for return to the lender) and the net proceeds of the short sale. (This risk of loss is theoretically unlimited, since there is theoretically no limit on the price to which the security sold short may rise.) In addition, a Fund would be responsible for the payment of any accrued interest on a bond it has sold short while the short sale is outstanding.

Another risk is that a Fund may be forced to unwind a short sale at a disadvantageous time for any number of reasons. For example, a lender may call back a security at a time the market for such security is illiquid or additional security are not available to borrow. In addition, some traders may attempt to profit by making large purchases of a security that has been sold short. These traders

hope that, by driving up the price of the security through their purchases, they will induce short sellers to seek to minimize their losses by buying the security in the open market for return to their lenders, thereby driving the price of the security even higher.

In certain situations, Buckeye-Pacific may find it difficult if not impossible to establish a desired short position because of a limited supply of the security available for borrowing. In these cases, Buckeye-Pacific may be compelled to forego a potentially profitable investment opportunity.

### **Use of Leverage and Financing**

A Fund may leverage its capital because the General Partner or Buckeye-Pacific, as the case may be, believes that the use of leverage may enable a Fund to achieve a higher rate of return. Accordingly, a Fund may pledge its Securities and other assets in order to borrow additional funds for investment and other purposes. A Fund may borrow funds and enter into agreements in connection therewith and use options, short sales, swaps, forwards, credit derivatives and other derivative instruments. The amount of borrowings which a Fund may have outstanding at any time may be substantial in relation to its capital.

While leverage presents opportunities for increasing a Fund's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by a Fund would be magnified to the extent a Fund is leveraged. The cumulative effect of the use of leverage by a Fund in a market that moves adversely to a Fund's investments could result in a substantial loss to a Fund which would be greater than if a Fund were not leveraged. The use of leverage may create interest expenses for a Fund, which can exceed the investment return from the borrowed funds. To the extent the investment return derived from Securities purchased with borrowed funds exceeds the interest a Fund will have to pay, a Fund's investment return will be greater than if leverage were not used. Conversely, if the investment return from the assets acquired with borrowed funds is not sufficient to cover the cost of leveraging, the investment return of a Fund will be less than if leverage were not used.

In general, the anticipated use of short-term margin borrowings results in certain additional risks to a Fund. For example, should the Securities pledged to brokers to secure a Fund's margin accounts decline in value, a Fund could be subject to a "margin call," pursuant to which a Fund must either deposit additional funds or Securities with the broker, or suffer mandatory liquidation of the pledged Securities to compensate for the decline in value, which could result in substantial losses. In the event of a sudden drop in the value of a Fund's assets, a Fund might not be able to liquidate assets quickly enough to satisfy its margin requirements. Furthermore, the claims of secured and unsecured creditors of a Fund would be senior to the claims of the Investors.

A Fund may enter into repurchase and reverse repurchase agreements. When a Fund enters into a repurchase agreement, it "sells" Securities to a broker, dealer or financial institution, and agrees to repurchase such Securities for the price paid by the broker, dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, a Fund "buys" Securities from a broker, dealer or financial institution, subject to the obligation of the broker, dealer or financial institution to repurchase such Securities at the price paid by a Fund, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by a Fund involves certain risks including that the seller under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities. Disposing of the security in such event may involve costs to a Fund.

A Fund may invest in commodity interests. A principal risk in commodity trading is the traditional volatility (rapid fluctuation) in the market prices of commodities. Because of the low margin deposits typically required in commodity contract trading, a relatively small movement in the market price of a commodity contract may result in a disproportionately large profit or loss.

### **Risk of Investing in Commodities, Futures and Options**

The prices of commodities contracts, including futures and options, are highly volatile and are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. The value of futures, options and swap agreements also depends upon the price of the commodities underlying them. In addition, a Fund's assets are also subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses or counterparties.

A Fund may trade commodity options. Although successful commodity options trading requires many of the same skills as successful commodity futures trading, the risks involved are somewhat different. The margining system used for exchange-traded options differs from futures margining in that it effectively prevents traders from having access to unrealized gains on their open options positions.

There are active and widely used markets in over-the-counter options traded directly among institutional market participants. Over-the-counter options have certain important advantages over exchange-traded instruments, including individual tailoring, 24-hour

liquidity and the opportunity to achieve “bargain prices” by identifying dealers needing to “lay off” inventory. A Fund may trade in the over-the-counter options market, subject to applicable regulatory restrictions.

A Fund may buy or sell (write) both call options and put options, and when it writes options, it may do so on a “covered” or an “uncovered” basis. A call option is “covered” when the writer owns securities of the same class and amount as those to which the call option applies. A put option is covered when the writer has an open short position in securities of the relevant class and amount. A Fund’s option transactions may be part of a hedging strategy (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which a Fund has the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be substantial, depending on the circumstances.

In general, without taking into account other positions or transactions a Fund may enter into, the principal risks involved in options trading can be described as follows: When a Fund buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of a Fund’s investment in the option (including commissions).

When a Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is “covered.” If it is covered, a Fund would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss a Fund might suffer as a result of owning the security.

A Fund may also purchase call and put options on futures contracts on global commodity exchanges. Each such option is a right, purchased for a certain price, to either buy or sell the underlying futures contract or physical commodity during a certain period of time for a fixed price. Such trading involves risks substantially similar to those involved in trading future contracts in that options are speculative and highly leveraged. Specific market movements of the physical commodity or futures contract underlying an option cannot be accurately predicted. The purchaser of an option is subject to the risk of losing the entire purchase price of the option. Therefore, trading in futures options can be extremely expensive if market volatility is incorrectly predicted.

### **Spot and Forward Trading**

A Fund may engage in trading of spot and forward contracts. Spot and forward contracts for the trading of currencies and may be entered into with or through banks or dealers. A spot or forward contract is a contractual obligation to purchase or sell a commodity, such as currencies, at a specified date in the future at a specified price and therefore is similar to a futures contract, however, the bank or dealer generally acts as principal in the transaction and includes its anticipated profit and costs of the transaction in the prices it quotes for such contract. A spot contract typically requires performance in two days or less, while a forward contract requires performance in more than two days. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges (and, consequently, investors in these contracts are not afforded the regulatory protection of such exchanges or the CFTC), and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Neither the CFTC nor any banking authority regulates trading in forward contracts. Moreover, there is no direct means of “offsetting” such a contract by purchase of an offsetting position on the same (or linked) exchange as one would a futures contract. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually widespread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by a Fund due to unusual trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward trading to less than that which the General Partner or Buckeye-Pacific, as the case may be, would otherwise recommend, to the possible detriment of a Fund. Market illiquidity or disruption could result in major losses to a Fund.

### **Possible Effects of Speculative Position Limits and Daily Position Limits**

The CFTC and United States commodities exchanges have established limits, referred to as “speculative position limits,” on the maximum net long or net short speculative positions that any person may hold or control in any particular futures or options contracts traded on United States commodities exchanges. All futures accounts owned or managed by the General Partner or Buckeye-Pacific, as the case may be, and their respective principals, including a Fund’s accounts, are combined for position limited purposes.

The General Partner or Buckeye-Pacific, as the case may be, may manage investor accounts other than that of a Fund. Positions taken for such accounts, or for the General Partner's (or, as the case may be, Buckeye-Pacific's) proprietary accounts, may restrict the positions which the General Partner (or Buckeye-Pacific) may take on behalf of a Fund.

Furthermore, most United States futures exchanges limit fluctuations in futures contract prices during a single day by regulations referred to as "daily limits." During a single trading day no trades may be executed at prices beyond the daily limit. Once the price of a futures contract has increased or decreased to the limit point, positions can be neither taken nor liquidated. Futures prices have occasionally moved to the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent a Fund from promptly liquidating unfavorable positions and subject to a Fund to substantial losses.

#### **High Turnover and Transactions Costs**

The General Partner or Buckeye-Pacific, as the case may be, will actively manage a Fund's portfolio. The turnover rate of a Fund's investment portfolio may be significant, potentially involving substantial brokerage commissions and fees and other transactions costs. In particular, many of a Fund's investments, including those that are not readily marketable, may involve higher bid-ask spreads than investments that are exchange-traded.

#### **New Issues**

FINRA Rules 5130 and 5131 may preclude some Investors from participating, in whole or in part, in a Fund's profits and losses to the extent such profits and losses are attributable to a Fund's direct or indirect investments in New Issues. This may be the case even if the capital of a Fund attributable to such Investors (along with capital attributable to investors who are not impacted by FINRA Rules 5130 and 5131) is invested in New Issues. Investors impacted by FINRA Rules 5130 and 5131 will generally not be compensated for the use of their capital in this manner, even though such use may result in benefits the other Investors, unless the General Partner determines otherwise. It is not possible to predict the degree to which a Fund's profits will consist of profits from New Issues. It is therefore not possible to predict the potential "opportunity" costs for Investors impacted by FINRA Rules 5130 and 5131 resulting from the non-compensated use of their capital to make investments in New Issues.

#### **Side Letters and Other Arrangements with Investors; Modification of Terms**

A Fund may enter into side letter agreements or other arrangements with Investors from time to time that may, by creating preference or priorities for such Investors held by them with respect to other Investors, adversely affect the liquidity of a Fund's assets or the rate of return on other Investors' investment in a Fund. The General Partner is not required to disclose the existence or terms of any such agreements to any other Investor or to offer the terms of any such agreements to any other Investor. Any Investor that is a party to such agreement may have rights that are preferential in some respect to other Investors.

In addition to the foregoing, the General Partner Parties may provide upon request or offer clients and other entities that are prospective investors in a Fund additional or different information than that provided to the other Investors of a Fund. Similarly, a Fund may offer certain Investors additional or different information and reporting than that provided to other Investors of a Fund. Such information may provide the recipient greater insights into a Fund's activities than is included in standard reports to Investors, thereby enhancing the recipient's ability to make investment decisions with respect to a Fund. These arrangements may give rise to the issuance of a new class of Interests.

### **Item 9 - Disciplinary Information**

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Item 9 is not applicable to us as we have no reportable material legal or disciplinary events.

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

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Neither Buckeye-Pacific nor any of our management persons are registered or applying to register as broker-dealers or representatives of any broker-dealer.

Neither Buckeye-Pacific nor any of our management persons are registered or applying to register as futures commissions merchants, commodity pool operators, commodity trading advisors, or associated persons of the foregoing entities. To the extent a Client trades or is deemed to trade in commodity interests, Buckeye-Pacific will maintain certain exemptions from registration with the U.S. Commodity Futures Trading Commission as a commodity pool operator or commodity trading adviser, as applicable, with respect to such Clients.

As noted in Item 4, South LaSalle Managers, LLC, an affiliate of Buckeye-Pacific, serves as general partner to one or more of our Funds. Buckeye-Pacific is also under common control with Iron Road Capital Partners, LLC ("IRCP"), the investment adviser and general partner of one or more pooled investment vehicles to which we intend to provide investment advice. Further, the General

Partner has delegated responsibility for certain operational and administrative functions of Buckeye-Pacific and the Funds to IRCP. In connection with these services IRCP may be entitled to a portion of the revenues earned by the General Partner and Buckeye-Pacific. We have adopted policies and procedures to ensure the fair and equitable treatment of our shared Clients. Winchester Asset Management, LLC, an affiliate of Buckeye-Pacific, serves as a sub-adviser to certain Clients. Buckeye-Pacific does not otherwise have any arrangements with a related person who is a broker-dealer, securities dealer, government securities dealer or broker, investment company or other pooled investment vehicle, investment adviser, financial planning firm, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or an entity that creates or packages limited partnerships that are material to its advisory services.

Principals, employees and affiliates of Buckeye-Pacific may hold significant investments in the Funds from time to time. Buckeye-Pacific does not have any arrangements or agreements to recommend or select other investment advisers for our Clients.

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

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We have adopted a Code of Ethics for all supervised persons of ours describing our high standard of business conduct and fiduciary duty to Clients. The Code of Ethics includes provisions relating to personal securities trading procedures and employee reporting and attestations, among other things. All of Buckeye-Pacific's supervised persons must acknowledge the terms of the Code of Ethics as a new employee, annually, or as amended.

### **Personal Trading**

From time to time, employees or related persons of Buckeye-Pacific will invest in securities that are also held in Client accounts. All transactions in these and other securities must comply with our Code of Ethics, a copy of which is available by request. The Code of Ethics requires, among other things, that employees and related persons of Buckeye-Pacific:

- Are limited by size of trade in their ability to trade in such securities if Buckeye-Pacific is trading for Client accounts on the same day;
- Must report all personal trading and accounts to Buckeye-Pacific to ensure compliance with these standards; and
- Must hold any securities purchased for their personal accounts for a minimum period.

In certain circumstances and upon written request, Buckeye-Pacific may permit transactions in securities that would otherwise be prohibited under Buckeye-Pacific's Code of Ethics.

### **Participation or Interest in Client Transactions**

Our affiliates may from time to time introduce their clients to the Funds we manage as prospective Investors. In addition to management fees, depending on market conditions and the strategy, such affiliates will earn incentive allocations or incentive fees from certain Funds we manage. While our affiliates may have a financial incentive to recommend an investment in the Funds we manage, they are obligated to consider the suitability of the investment in light of their underlying prospective Investor's objectives and restrictions. In addition, prospective Investors are provided with a PPM relevant to the Fund they may be considering for investment, which outlines, among other things, the risks, fees, and conflicts of interest related to Fund. Ultimately, prospective Investors retain final discretion with respect to making an investment into a Fund we manage.

Clients and prospective Clients may request a copy of our Code of Ethics by contacting our Chief Compliance Officer ("CCO") by phone at 312-858-1670 or by email at [wclark@ircpllc.com](mailto:wclark@ircpllc.com).

## **Item 12 - Brokerage Practices**

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### **Selection of Brokers**

Subject to the terms of the applicable Governing Documents, we or our affiliates often hold the authority to determine the broker or dealer to be used for Client securities transactions. Where we hold such authority, in determining the brokers through whom, and commission rates and other transaction costs at which, securities transactions for Clients are to be executed, we generally seek to negotiate a combination of the most favorable commission and the best price obtainable on each transaction. However, we may consider various additional factors when selecting a broker, including, but not limited to, the nature of the portfolio transaction, size of the transaction, execution, clearing and settlement capabilities, desired timing of transactions, reliability, financial condition, confidentiality of trades, Client direction and under appropriate circumstances, and the availability of research and research-related services provided. It is generally not our practice to negotiate "execution only" commission rates; thus a Client may be deemed to be paying for research, brokerage or other services provided by the broker which are included in the commission rate.

We maintain arrangements with a number of broker-dealers that also act as custodians for certain Clients (“Custodians”). Certain Custodians provide us with “institutional platform services,” which include, among other things, brokerage, custody, and other related services. Certain Custodians’ institutional platform services that assist us in managing and administering Client accounts include software and other technology that (i) provides access to Client account data (such as trade confirmations and account statements); (ii) facilitates trade execution and allocate aggregated trade orders for multiple Client accounts; (iii) provides research, pricing, and other market data; (iv) facilitates payment of fees from its Clients’ accounts; and (v) assists with back-office functions, recordkeeping, and Client reporting.

Certain Custodians also offer other services intended to help us manage and further develop our advisory practice. Such services include, but are not limited to, performance reporting, financial planning, contact management systems, third-party research, publications, access to educational conferences, roundtables and webinars, practice management resources, access to consultants and other third-party service providers who provide a wide array of business-related services and technology with whom we will contract directly, if required.

### **Soft Dollars**

In certain circumstances, we will select brokers to execute trades for Clients that provide certain “soft dollar” benefits to us in exchange for Client brokerage fees. We are generally obligated to pursue “best execution” for Clients (except with respect to directed brokerage for those Clients that instruct us to use certain brokers for their accounts), but we will likely include the provision of such “soft dollar” benefits in our determination of best execution. We will limit our receipt of soft dollar benefits to those that meet the “safe harbor” under Section 28(e) of the Exchange Act of 1934, as amended—namely benefits relating to trading, research services, or seminars.

When Client brokerage commissions are used to obtain services such as research, we benefit from not having to produce or pay for the research. Clients that have directed brokerage arrangements will likely benefit from soft dollar products and/or services even though their brokerage may not be used to pay for such services. Soft dollar benefits are often enjoyed by multiple Clients but generally will not be in proportion to the commissions they pay.

### **Directed Brokerage**

If a Client directs where their brokerage is placed by us, we will not seek to negotiate commission rates for such Client, as these have been pre-negotiated between the Client and their respective broker-dealer. As such, a Client who directs brokerage should consider that they: (i) may pay higher commissions on some transactions than may be attainable by us, or may receive less favorable execution of some transactions or both; (ii) may forego any benefit on execution costs that could be obtained for Clients through negotiated volume discounts on bunched transactions; (iii) may not be able to participate in the allocation of a new issue, if the new issue shares are provided by another broker; (iv) may receive execution of a particular trade after the execution of such trade for Clients who have not directed the brokerage for their accounts; and (vii) may not experience returns equal to Clients who have not directed brokerage for their accounts.

### **Trade Aggregation**

We may, at our discretion and where appropriate, aggregate trades for multiple Client accounts in which we hold trading authority in an effort to reduce commissions and execution costs. We believe that combining orders in this manner will be, over time, advantageous to all participating Clients. When aggregating Client trades, all participating Clients generally receive the average execution price for the relevant trade, and partial fills are typically allocated pro-rata among such Clients.

We may place orders for the same security for different Clients at different times and in different relative amounts, or allocate trades in a manner other than pro-rata due to considerations including, but not limited to, differences in investment objectives, investment limitations, risk profiles, and/or capital available for investment; the size of the order; and practicability or appropriateness of aggregating the transaction. Notwithstanding the foregoing, we seek to allocate transactions and opportunities among participating Clients in a manner we believe to be the most equitable and consistent with our fiduciary obligations to our Clients.

## **Item 13 - Review of Accounts**

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Our portfolio managers and analysts review Client accounts on a regular basis. As determined by the applicable Governing Documents, these reviews frequently include daily monitoring of portfolio performance; weekly reviews of pricing, valuation, and other fundamental holdings characteristics; and monthly reviews of holdings. We conduct reviews including the aforementioned to ensure that each Client’s account(s) are managed in a manner consistent with the relevant Governing Documents.

Apart from regular reviews, Client accounts may be reviewed in response to significant changes to the Client, the capital markets more broadly, or other exigent circumstances that we believe warrant review or consideration.

We generally provide Fund Investors with written reports as specified in the applicable Governing Documents, including audited annual financial statements pursuant to our obligations under Rule 206(4)-2 of the Advisers Act, if applicable; periodic performance reports, such as quarterly reports reflecting the net asset value of an Investor's Capital Account(s); for certain Fund Investors, tax documentation relating to their respective Fund investments necessary for US income tax purposes; and/or any other reports otherwise specified in the applicable Governing Documents.

## **Item 14 - Client Referrals and Other Compensation**

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While we do not currently do so, we reserve the right to engage solicitors to whom we pay remuneration, or a portion of the advisory fees paid by Investors or Clients referred to it by those solicitors, where appropriate. In such cases, this practice is disclosed to the Investor or Client and we will comply with the other requirements of Rule 206(4)-1 under the Investment Advisers Act of 1940 (the "Advisers Act"), to the extent required by applicable law.

In addition, in prior years, we operated as a subsidiary of RMB Capital Management, LLC ("RMB") but have since become operationally independent. While RMB does not hold any equity interests in the Firm, we provide RMB with a dividend payment in recognition of our previous relationship and their prior stewardship of our advisory business.

## **Item 15 - Custody**

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Where appropriate, we or our affiliates enter into agreements with qualified custodians to maintain custody of each Client's assets as and to the extent required by Rule 206(4)-2 under the Advisers Act. While we typically never have actual physical custody of any Client's assets, as the investment manager of a Client and where we or an affiliate serves as a Client's General Partner, Buckeye-Pacific will generally be deemed to have custody of such Client's. In such cases, we will use our best efforts to deliver audited financial statements for each Fund to its respective Investors within 120 days after the end of a Fund's fiscal year.

Except as outlined above, we typically do not have custody over funds or securities of our Clients. All Client funds and securities will be held at broker-dealers, banks, or other qualified custodians.

Clients should receive at least quarterly statements or links to their quarterly statements from the broker-dealer, bank, or other qualified custodian that holds and maintains Clients' investment assets. As a general matter, Investors do not receive reports directly from their respective Fund's qualified custodians. We urge all Clients and Investors to carefully review any statements received from a qualified custodian or administrator, as applicable, and compare such records to any account statements that we may provide. Our statements may vary from such statements based on a variety of considerations, such as accounting procedures, reporting dates, or valuation methodologies of certain securities.

## **Item 16 - Investment Discretion**

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Buckeye-Pacific has discretionary authority over the Funds pursuant to the Funds' investment advisory agreements and provides investment advice in accordance with the relevant Governing Documents. Investors generally may not place any limits on our authority beyond the limitations set forth in the Funds' Governing Documents and/or Buckeye-Pacific's internal compliance manual. For any other Clients, we provide discretionary investment advice pursuant to the terms of the Client's respective, duly executed investment advisory agreements.

## **Item 17 - Voting Client Securities**

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We have adopted and implemented policies and procedures that we believe are reasonably designed to ensure that when we vote proxies on behalf of Clients, proxies are voted in the best interests of such Clients, subject to the terms of the applicable Governing Documents.

Votes are cast in accordance with our fiduciary duties and proxy voting guidelines, which have been tailored to meet our obligations pursuant to SEC Rule 206(4)-6 under the Advisers Act. Where appropriate, certain Clients may retain their right to vote their proxies provided they give us prior written notice.

In general, in connection with Clients who do not retain their right to vote proxies, we have contracted with a proxy advisory firm ("Proxy Firm") to handle administration and voting of their proxies. Subject to the terms of the applicable Governing Documents, such Clients may not direct the manner in which we vote their proxies.

As a general matter, we follow the voting recommendations of the Proxy Firm, though we retain the right to determine the vote on a particular proxy issue. Accordingly, there may be instances where we determine that voting on a particular proxy issue in a manner contrary to the Proxy Firm's recommendation would be in the best interests of the Client. As a matter of course, we review issues for which the Proxy Firm does not provide a recommendation.

Additionally, there may be cases where we deem that the cost-benefit analysis of voting proxies received for a Client may lead to us declining to vote. Such instances may include:

- Voting for foreign securities in countries which require "share-blocking;"
- Unsupervised securities;
- Securities in transition or already sold; or
- Completing ballots for companies held in the Client account as of the record date, but which are no longer owned at the time that a vote would be cast.

In cases in which it is determined that we have a material conflict of interest that could influence how proxies are voted, such conflicts may be resolved by using the recommendation of the Proxy Firm if it is determined to be in the best interests of the Client. Alternatively, when appropriate, we may decide to disclose the conflict to the affected Client(s) and give the Client(s) the opportunity to vote their proxies themselves.

Clients may request information concerning how we voted their proxies, and additional information regarding our proxy voting policies and procedures can be obtained by contacting our CCO by phone at 312-858-1670 or by email at [wclark@ircpllc.com](mailto:wclark@ircpllc.com).

## **Item 18 - Financial Information**

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Buckeye-Pacific is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to the Funds and has not been the subject of a bankruptcy petition at any time during the past ten years.