

**TACORA CAPITAL MANAGEMENT, LP**

**Form ADV Part 2A**

2505 Pecos Street  
Austin, Texas 78703

**March 2023**

This brochure provides information about the qualifications and business practices of Tacora Capital Management, LP. ("Tacora") If you have any questions about the contents of this brochure, please contact us at [compliance@Tacoracap.com](mailto:compliance@Tacoracap.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Any reference to Tacora as a registered investment advisor does not imply a certain level of skill or training.

Additional information about Tacora also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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***Item 2: Material Changes***

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This is the other than amendment to update the cover page contact information of the Form ADV Part 2A for Tacora Capital Management, LP as a part of its registration as an adviser with the SEC. In the future, Item 2 will only discuss specific material changes that have been made since the last filing and will provide a summary of those changes.

Investors are encouraged to review this brochure in its entirety. The information set forth in this brochure is qualified in its entirety by the applicable offering and governing documents. In the event of a conflict between the information set forth herein and the applicable offering and governing documents, the information set forth in the applicable offering and governing documents shall control.

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**Item 4: Advisory Business**

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Tacora is an investment management firm with its principal place of business located in Austin, Texas. Tacora, will also be referred to in this brochure as “Adviser,” or the “Firm.” Tacora is a Delaware limited partnership, formed in July 2021. Tacora’s majority principal owner, directly and indirectly through Tacora Capital GP, LLC, is Keri Findley. For more information about the Adviser and the principal owners of Tacora, please review Schedule A and Schedule B of the Form ADV Part 1A.

**Item 4.B: Description of Advisory Services**

Tacora provides investment management and other services to affiliated private pooled investment vehicles (“Fund” or “Partnership”) with respect to investments in portfolio companies and other investments. Tacora provides investment advice consistent with the investment objectives, guidelines and restrictions set forth in the applicable governing document and/or private placement memorandum of the Fund.

Tacora does not serve as the general partner to its Fund. An affiliate of the Firm serves in that capacity and rely on Tacora to serve as the investment adviser.

The Investment Advisor, through the Fund, seeks to provide non-dilutive financing solutions, typically private structured credit investments, to companies facing complex needs not efficiently addressed by traditional channels. The Fund offers and delivers specialty finance alternatives to early and growth stage venture backed companies.

**Item 4.C: Tailoring Advisory Services**

The Firm’s advisory services will be provided to each Fund pursuant to the terms of its formation and offering documents and will be based on the specific investment objectives, strategies or restrictions described therein. The Adviser does not tailor its advisory services to the individual needs of the investors in any Fund.

**Item 4.D: Wrap Fee Program**

Tacora does not participate in a wrap fee program.

**Item 4.E: Regulatory Assets Under Management**

As of January 3, 2022, the Firm has \$341,230,053 of discretionary assets under management.

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**Item 5: Fees and Compensation**

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**Item 5.A: Description of Compensation Arrangements****Management Fees**

The Management Fee is paid in advance on a quarterly basis, in an amount equal to, during the Commitment Period, 2% per annum of the aggregate Capital Commitments of the Limited Partners in the Fund. At the end of the Commitment Period, the Management Fee rate will be reduced as described in the partnership agreement and the Private Placement Memorandum (each, a “Fee Step-Down”). The Fee Step-Downs will not be applied to the extent that the application of the same would cause the Management Fee rate for the relevant period to be reduced below 1%. The General Partner may waive or reduce the Management Fee with respect to any Partner, including any Affiliated Investor.

The Management Fee for any Management Fee period of the Partnership shall be pro-rated for the number of days in such period, and in the case of the last Management Fee period of the Partnership, the General Partner shall refund to each Limited Partner the amount of the Management Fee paid by such Limited Partner allocable to that portion of such period which is subsequent to the date of the Final Distribution.

### **Carried Interest**

After distributions of limited partners’ investment proceeds equal to such limited partner’s capital contributions, any additional distribution of investment proceeds will be allocated 80% to the limited partner and 20% to the General Partner or an affiliate identified in the limited partnership agreement and/or Private Placement Memorandum.

### ***Item 5.B: Manner of Fee Payment***

Management Fees are typically funded from distributable proceeds or capital contributions. The general partner may cause a subsidiary of the Funds to pay all or any portion of the Investment Management Fee.

### ***Item 5.C: Other Fees Clients May Be Charged***

The Partnership will bear all costs and expenses incurred in connection with the organization of the Partnership, any Parallel Funds and the General Partner, including legal and accounting fees, printing costs, travel and out-of-pocket expenses, and all costs and expenses incurred in connection with the offering of Interests, including the costs of the Seed Investor (“Organizational Expenses”); provided that, any Organizational Expenses in excess of a limit expressed in the partnership agreement will reduce the next installment(s) of the Management Fee until fully recovered by the Partnership.

The Partnership will be responsible for all costs and expenses relating to:

- (i.) its own operations, including all fees, costs, expenses and liabilities related to any audits or agreed upon procedures, tax forms and return preparation and filings, custodian fees and expenses, any required regulatory filings, legal fees, fund accounting, administrator services, transfer agent services, financial statement preparation and reporting, including costs associated with reporting and providing information to existing and prospective Limited Partners and web services for the benefit of Limited Partners, delivery costs and expenses in connection with reporting obligations and communications and compliance services;
- (ii.) all fees, costs, expenses and liabilities of the administration of the Partnership, including, but not limited to, accounting and audit expenses (including accounting systems and certification fees), consultants, tax advisers, valuation experts, agents and other advisers and professionals and expenses relating to audit, legal and regulatory services, expenses relating to the maintenance of registered offices of the Partnership, corporate filing fees and expenses and corporate licensing expenses;
- (iii.) all fees, costs, expenses and liabilities directly related to the locating, sourcing, developing, bidding on, structuring, evaluating, negotiating, purchasing, obtaining regulatory approvals for, originating,

trading, settling, monitoring, maintaining custody of, holding, securitizing, managing and disposing of Investments and potential Investments, securities, or other instruments

- a. (whether or not the acquisition is consummated), including, but not limited to, financing, legal, regulatory, accounting and other professional or third party costs. or disbursements incurred in connection therewith, due diligence costs, all fees, costs, expenses and liabilities of information technology, research and other information services and data providers (including systems and services from such data providers and data management software) relating to the ongoing management of investments, and all other investment-related fees and other operating fees, costs, expenses and liabilities;
- (iv.) reasonable travel-related fees, costs, expenses and liabilities, including, rent, lodging, meals and out-of-pocket expenses incurred in connection with the investigation and monitoring of investments;
- (v.) broken deal expenses (including any legal, accounting, advisory, consulting or other third- party expenses and any reasonable travel and accommodation expenses in connection therewith, all fees (including commitment fees), costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed Investment that is not ultimately made, any deposits or down payments of cash or other property which are forfeited in connection with a proposed Investment that is not ultimately made and costs and expenses incurred with respect to investment or origination guidelines developed with a third-party loan originator) to the extent not reimbursed by an entity in which the Partnership has invested or proposes to invest or other third parties;
- (vi.) all fees, costs, expenses and liabilities of brokers, transaction finders and other intermediaries, including brokerage commissions and spreads, clearing and settlement charges and other transaction costs, custody fees, interest expenses, financing charges, initial and variation margin, fees of pricing, valuation and appraisal, and all other transaction-related fees, costs, expenses and liabilities, including reverse break-up fees and registration fees and other expenses in connection with acquisitions and dispositions of Investments, and all expenses relating to the ownership and operation of Investments, including taxes, interest, insurance (including premiums related to mortgage loans), and other fees and expenses;
- (vii.) all principal amounts of, and interest expense on, fees and expenses in connection with or arising out of any indebtedness and other borrowings and guarantees made by the Partnership, including, but not limited to, the arranging and maintenance thereof;
- (viii.) all fees, costs, expenses and liabilities of any litigation or other dispute resolution (including all fees, costs and expenses of the Partnership's legal counsel and regulatory-related legal expenses) and all indemnification and contribution obligations (including any indemnification expenses of any finders and/or placement agents of the Partnership, any Parallel Fund or feeder fund, which, to avoid any doubt, shall not be deemed Organizational Expenses) and any extraordinary expense or liability relating to the affairs of the Partnership or any Investment and all fees, costs, expenses and liabilities relating to insurance policies, including directors and officers, liability or other insurance (including, the Partnership's share of any premiums for insurances maintained by the Investment Advisor) maintained by or for the Partnership, the General Partner, the Investment Advisor and their affiliates, including in respect of Investments and/or personnel of the Investment Advisor, the General Partner and their Affiliates;
- (ix.) all fees, costs, expenses and liabilities of winding up and liquidating the Partnership;
- (x.) all taxes, fees, penalties and other governmental charges levied against, assessed on or payable by the Partnership (including any unincorporated business tax, franchise tax and any other entity-level taxes), fees or other governmental charges levied against the Partnership, any transfer or recording taxes, and all fees, costs, expenses, penalties and liabilities related to tax compliance, including those of the Partnership's representative for U.S. federal income tax purposes, tax return preparation and reporting and any tax audit, investigation, settlement or review (including any costs associated with FATCA

- compliance);
- (xi.) all fees, costs, expenses and liabilities relating to derivatives and hedging transactions;
- (xii.) all fees, costs, expenses and liabilities related to distributions (if any) made by the Partnership;
- (xiii.) (xiii) all fees, costs, expenses and liabilities of annual and other Partnership meetings;
- (xiv.) to the extent not otherwise paid by the General Partner, the placement fees due to any finder and/or placement agents (whether independent or employed by the General Partner) engaged in connection with the offer and sale of interests in the Partnership, any Parallel Fund or any feeder fund; *provided*, that any such placement fees borne by the Partnership shall reduce the Management Fee on a dollar-for-dollar basis;
- (xv.) all fees, costs, expenses and liabilities, if any, incurred in connection with legal and regulatory compliance with U.S. federal, state, local, non-U.S. or other law or regulation arising out of the activities of the Partnership (including filings with U.S. and non-U.S. regulators, such as Form PF in accordance with the Advisers Act and compliance obligations arising from the European Union's Alternative Investment Fund Managers Directive); (xvi) fees, costs, expenses and liabilities related to the organization, operation or maintenance of any entities through which Investments are made or held directly or indirectly by the Partnership or any Parallel Funds and any alternative investment vehicles thereof; and
- (xvi.) to the extent not paid by a feeder fund or its investors, the expenses of any feeder fund (which expenses shall be specially allocated to the investors with an interest in such feeder fund).

The foregoing list of expenses is not exhaustive and is qualified in its entirety by the applicable governing documents of the Fund.

#### **Item 5.D: *Timing of Fee Payments***

The Partnership will pay a management fee to the General Partner initially, then to the Adviser quarterly in advance during the term of the Partnership, starting on the Initial Closing Date.

#### **Item 5.E: *Receipt of Compensation for Sales***

Not applicable. Neither Tacora nor its supervised persons are compensated for the sale of securities or other investment products.

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

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As noted in Item 5.A above, Tacora or the general partner are entitled to earn "carried interest" in its private fund. Carried interest are effectively a percentage of the net profits of the Fund, after all of the capital contributions of the Limited Partners are returned and after all expenses incurred by the Fund.

The existence of carried interest may create an incentive for Tacora or the general partner to make more speculative investments on behalf of the Fund than it would otherwise make in the absence of such performance-based compensation. In addition, the method of calculating the carried interest may result in conflicts of interest between Tacora, the general partner and the investors with respect to the management and disposition of investments, as well as the determination of the timing and amount of distributions by the Funds.

All performance compensation will be charged in accordance with Section 205 of the U.S. Investment Advisers Act of 1940, as amended, and Rule 205-3 thereunder.

In general, Tacora attempts to address any material conflicts through full and fair disclosure in the applicable offering documents and this brochure.

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**Item 7: Types of Clients**

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Tacora serves as the investment manager solely with respect to an affiliated private investment vehicle, which is a pooled investment vehicle that is exempt from the requirement to register as an investment company under Section 3(c)(1) of Investment Company Act of 1940, as amended.

Interests in the Fund will be offered and sold under the exemption provided by Section 4(a)(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder and other exemptions of similar import in the laws of the states and jurisdictions where the offering will be made. Each investor in the Fund generally is required to certify that it is, among other things, an “accredited investor,” as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended.

Minimum initial capital commitment generally required from an investor in the Partnership is set forth in the Fund’s offering documents and subject to Tacora’s discretion to accept a lesser amount.

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

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**Item 8.A: Methods of Analysis and Investment Strategies Generally**

The Investment Advisor intends to target proprietary investment opportunities where it anticipates controlling the end-to-end process and transaction terms - it does not expect to source transactions via pre-structured “banked offerings” although on occasion will collaborate with other structured debt originators to negotiate “club” deals when necessitated by the transaction size or other reasons.

The Investment Advisor seeks the following attributes when sourcing potential investment opportunities:

- Complexity of transaction, which allows for the Investment Advisor’s proprietary structuring expertise to generate outsized returns and barriers to entry
- Quality venture capital investor support & access to equity capital; sufficient “equity cushion”
- An asset with an attractive credit profile
- An asset that can be cleanly separated into an SPV and secured as such
- Platform scalability and differentiated technology
- Relatively short, defined debt maturities
- Willingness to grant warrants to the Partnership, aligning interest

**Item 8.B. and 8.C. Material Risks Factors**

Potential investors should be aware that an investment in the Partnership involves a high degree of risk and each investor should carefully consider the following risks. There can be no assurance that the Partnership’s investment objective will be achieved, that a Limited Partner will receive a return of its capital, or that the Partnership will otherwise be able to carry out its investment program. In addition, there will be occasions when the General Partner and its affiliates may encounter potential conflicts of interest in connection with the Partnership. The following considerations set forth some, but not all, of the risks and potential conflicts of interest. These risk factors should be carefully evaluated before making an investment in the Partnership. References herein to the Partnership shall, where applicable, be deemed to include references to any other Parallel Funds. References to Limited Partners shall, where applicable, be deemed to include references to limited partners or other investors in such Parallel Funds. References to the General Partner shall, where



applicable, be deemed to include references to the Investment Advisor and affiliates thereof.

### **Risks Related to the Fund's Investment Strategy**

***No Assurance of Investment Return.*** The General Partner and the Investment Advisor cannot provide assurance that they will be able to choose, make, and realize investments in any particular opportunity. There can be no assurance that the Partnership will be able to generate returns for its Partners or that the returns will be commensurate with the risks of investing in the type of transactions described herein. There can be no assurance that any Partner will receive any distribution from the Partnership. Accordingly, an investment in the Partnership should only be considered by persons who can afford a loss of their entire investment. The Partnership itself is a recently formed entity and has no operating history. There can be no assurance that the General Partner will be successful in executing the Partnership strategy, and notwithstanding prior experience of the Investment Advisor, past performance is not indicative of future results.

***Market Conditions.*** The Partnership will be materially affected by conditions in the financial markets and economic conditions throughout the world, including regulatory interventions, interest rates, availability and terms of credit, inflation rates, economic uncertainty, changes in laws, trade barriers, commodity prices, currency exchange rates and controls and national and international political circumstances. Difficult market conditions may adversely affect the Partnership's business and operations by reducing the value or performance of its investments or by reducing its ability to raise or deploy capital, each of which could negatively impact the returns to Limited Partners.

***Epidemics, Pandemics and COVID-19.*** Many countries, including the United States, in which all of the assets underlying the Partnership's Investments will be located, have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and, currently, the novel coronavirus (known as "COVID-19"), which the World Health Organization has declared to be a pandemic.

The United States is likely to suffer a continued increase in recorded cases of the disease. Furthermore, the disease has spread to most countries around the world, resulting in a continued escalation of the COVID-19 outbreak and initiating a decline in global economic growth. "COVID-19" has resulted in a widespread global health crisis that has adversely affected, and is expected to continue to adversely affect, general commercial activity and the economies and financial markets of many countries. Many businesses around the world have curtailed their travel and meeting plans which is likely to slow business activity. Specifically, further disruptions to commercial activity relating to the imposition of additional quarantines or travel restrictions (or more generally, the efficacy of vaccination or containment efforts against new variants proving to be low) may adversely impact the ability of the Investment Advisor to source potential investments.

***Foreign Securities.*** Investments in foreign securities involve certain factors not typically associated with investing in U.S. securities, such as risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar (the currency in which the books of the Partnership are maintained) and the various foreign currencies in which the Partnership's Investments may be denominated and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including the absence of uniform accounting, auditing and financial reporting standards and practices and disclosure requirements, and less government supervision and regulation; (iii) political, social or economic instability; (iv) imposition of foreign income, withholding or other taxes; and (v) the extension of credit, especially in the case of sovereign debt.]

***Currency Risk.*** The Partnership expects to invest its capital in, among other things, debt and equity securities denominated in currencies other than the U.S. dollar and in other financial instruments the prices of which are determined with reference to currencies other than the U.S. dollar. The Investment Advisor values the

Partnership's securities and other capital in U.S. dollars and intends to hedge most of its currency exposure. There can be no assurance that such hedging transactions will be effective. Additionally, to the extent currency risk is unhedged, the value of the Partnership's capital will fluctuate with the U.S. dollar exchange rate, as well as with price changes of the Partnership's investments in various local markets and currencies. Thus, an increase in the value of the U.S. dollar compared to the other currencies in which the Partnership makes its investments will reduce the effect of increases and magnify the U.S. dollar equivalent of the effect of decreases in the prices of the Partnership's securities in their local markets. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect of magnifying the effect of increases and reducing the effect of decreases in the prices of the Partnership's non-U.S. dollar securities. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments.]

**Hedging Transactions.** Hedging transactions in which the Partnership may engage include buying or selling options or futures or entering into contracts, swaps or other derivatives transactions. Hedging transactions can be expensive and have risks, including the imperfect correlation between the value of such instruments and the underlying assets and the possible default of the other party to the transaction or illiquidity of the derivative instruments. Thus, the use of hedging transactions may result in losses greater than if they had not been used, may require the Partnership to sell or purchase portfolio securities at inopportune times or for prices other than current market values, may limit the amount of appreciation the Partnership can realize on an investment, or may cause the Partnership to hold a security that it might otherwise sell.

The Partnership may pursue various hedging strategies to reduce its exposure to adverse changes in interest rates. The Partnership's hedging activity will vary in scope based on the level and volatility of interest rates, the type of assets held and other changing market conditions. Interest rate hedging may fail to protect or could adversely affect the Partnership because, among other things: (i) interest rate hedging can be expensive, particularly during periods of rising and volatile interest rates; (ii) available interest rate hedges may not correspond directly with the interest rate risk for which protection is sought; (iii) due to a credit loss, the duration of the hedge may not match the duration of the related liability; (iv) the credit quality of the hedging counterparty owing money on the hedge may be downgraded to such an extent that it impairs the Partnership's ability to sell or assign its side of the hedging transaction; and (v) the hedging counterparty owing money in the hedging transaction may default on its obligation to pay. There is no assurance that such strategies will be successful.

**Loans to Portfolio Companies.** The Partnership will seek to originate loans to portfolio companies. Loan origination to portfolio companies generally involves the types of risks that are inherent in debt origination or investment in debt securities in general, as further described below, except that such loans may involve risks that (i) the valuation of underlying collateral may be more difficult to assess; (ii) shareholders or the board of directors of the relevant company may resist or contest such loans; or (iii) such loans may be structurally subordinated to debt already in existence, or that may exist in the future. The profitability of this type of loan also depends on the ability of the borrower portfolio company to meet principal and interest payments on the loan. There can be no assurance that a portfolio company will generate sufficient cash necessary to service its debt obligations, and thus, the Partnership may suffer a partial or total loss of invested capital.

**Credit Risk.** Performance and investor yield on the Interests may be affected by the default or perceived credit impairment of Investments made by the Partnership and by general or sector specific credit spread widening. Credit risks associated with the Investments include (among others): (i) the possibility that earnings of the obligor may be insufficient to meet its debt service obligations; (ii) the obligor's assets declining in value; and (iii) the declining creditworthiness, default and potential for insolvency of the obligor

during periods of rising interest rates and economic downturn. These risks are particularly magnified as a result of recent events, including the COVID-19 pandemic, which has had and continues to have an adverse effect on global economies and financial markets. Further economic downturn and/or rising interest rates could severely disrupt the market for the Investments and adversely affect the value of the Investments and the ability of the obligors thereof to repay principal and interest. In turn, this could have a material adverse effect on the performance of the Partnership, and, by extension, the Partnership's business, financial condition, results of operations and the value of the Interests. In the event of a default by a borrower, the Partnership will bear a risk of loss of principal and accrued interest on that Investment. Any such Investment may become defaulted for a variety of reasons, including non-payment of principal or interest, as well as breaches of contractual covenants. A defaulted Investment may become subject to workout negotiations or may be restructured by, for example, reducing the interest rate, a write-down of the principal, and/or changes to its terms and conditions. Any such process may be extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on the defaulted Investment. In addition, significant costs might be imposed on the lender, further affecting the value of the Investment. The liquidity in such defaulted Investments may also be limited and, where a defaulted Investment is sold, it is unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest owed on that Investment. This would have a material adverse effect on the value of the Partnership's portfolio, and, by extension, the Partnership's business, financial condition, results of operations and the value of the Interests. In the case of secured loans, restructuring can be an expensive and lengthy process which could have a material negative effect on the Partnership's anticipated return on the restructured loan. By way of example, it would not be unusual for any costs of enforcement to be paid out in full before the repayment of interest and principal. This would substantially reduce the Partnership's anticipated return on the restructured loan.

***Fluctuations in Receipt of Proceeds.*** The Partnership expects to experience fluctuations in the timing and amount of proceeds the Partnership receives in the form of interest and fee income and in connection with the realization of Investments in loans and other debt instruments in which the Partnership has invested. Such fluctuations are due to, among other things, changes in the interest rates payable on the debt instruments acquired by the Partnership, the default rate on such debt instruments, the level of the Partnership's expenses (including the interest rates payable on Partnership borrowings), variations in and the timing of the realization of Investments, the degree to which the Partnership encounters competition in the markets and general economic conditions. As a result of these factors, the amounts of distributions to Limited Partners may fluctuate substantially.

***Uncertain Exit Strategies.*** Due to the illiquid nature of some of the positions which the Partnership is expected to acquire, the Investment Advisor is unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the Investment is ready to be realized due to economic, legal, political or other factors.

***Lack of Diversity; Concentration of Investments in a Single Industry.*** Other than as set forth Limited Partnership Agreement, Limited Partners have no assurance as to the degree of diversification among the Investments, either by geographic region or asset type. The Investments are expected to be concentrated in the financial technology sector. Concentration in a single sector like financial technology may involve risks greater than those generally associated with more sector-diversified funds, including significant fluctuations in returns. As a consequence, the overall adverse impact on the Partnership of adverse movements in the value of a single Investment or the financial technology market generally will be considerably greater than if the Partnership were not permitted to concentrate its investments to such an extent. In addition, the potential concentration of Investments may expose the Partnership to greater risk of volatility and loss with respect to its investments.

**Counterparty Risk.** To the extent that contracts for investment will be entered into between the Partnership and a market counterparty as principal (and not as agent), the Partnership is exposed to the risk that the market counterparty may, in an insolvency or similar event, be unable to meet its contractual obligations to the Partnership. The Partnership may have a limited number of potential counterparties for certain of its investments, which may significantly impair the Partnership's ability to reduce its exposure to counterparty risk and loan originator risk. In addition, difficulty reaching an agreement with any single counterparty could limit or eliminate the Partnership's ability to execute such Investments altogether. Because certain purchases, sales, hedging, financing arrangements, and other instruments in which the Partnership will engage are not traded on an exchange but are instead sold or traded between counterparties based on contractual relationships, the Partnership is subject to the risk that a counterparty will not perform its obligations under the related contracts. Although the Partnership intends to pursue its remedies under any such contracts, there can be no assurance that a counterparty will not default and that the Partnership will not be able to execute its investment strategy or sustain a loss on a transaction as a result.

**Collateral Risk.** The collateral and security arrangements in relation to such secured obligations as the Partnership may invest in will be subject to such security or collateral having been correctly created and perfected and any applicable legal or regulatory requirements which may restrict the giving of collateral or security by an obligor, such as, for example, thin capitalization, over-indebtedness, financial assistance and corporate benefit requirements. If the Investments do not benefit from the expected collateral or security arrangements, this may adversely affect the value of or, in the event of default, the recovery of principal or interest from such Investments made by the Partnership. Accordingly, any such a failure to properly create or perfect collateral and security interests attaching to the Investments could have a material adverse effect on the performance of the Partnership, and, by extension, the Partnership's business, financial condition, results of operations and the value of the Interests.

A component of the Investment Advisor's analysis of the desirability of making a given Investment relates to the estimated residual or recovery value of such Investments in the event of the insolvency of the obligor. This residual or recovery value will be driven primarily by the value of the anticipated future cash flows of the obligor's business and by the value of any underlying assets constituting the collateral for such Investment. The anticipated future cash flows of the obligor's business and the value of collateral can, however, be extremely difficult to predict as in certain circumstances market quotations and third-party pricing information may not be available. If the recovery value of the collateral associated with the Investments in which the Partnership invests decreases or is materially worse than expected by the Partnership, such a decrease or deficiency may affect the value of the Investments made by the Partnership. Accordingly, there may be a material adverse effect on the performance of the Partnership, and, by extension, the Partnership's business, financial condition, results of operations and the value of the Interests.

**Limitations on Remedies.** Although the Partnership will have certain contractual remedies upon the default by borrowers in relation to certain Investments, such as foreclosing on the underlying collateral, certain legal requirements may limit the ability of the Partnership to effectively exercise such remedies. Furthermore, the laws with respect to the rights of creditors and other investors in certain jurisdictions in which the Partnership may invest may not be comprehensive or well developed, and the procedures for the judicial or other enforcement of such rights may be of limited effectiveness. In particular, in certain state or local jurisdictions, the Partnership could experience significant legal difficulties and impediments in taking possession of, or otherwise in enforcing its rights with respect to, certain kinds of collateral. These factors may adversely affect the value and collectability of the Investments in such jurisdictions.

**Reliance on Service Providers.** The Partnership intends to enter into arrangements with entities that are

affiliated with Tacora as well as non-affiliated entities to provide certain asset management services, acquisition financing and securitization services. These service companies may become unable to perform due to operational, capacity or regulatory constraints and the General Partner may need to spend resources seeking out new service companies. The terms of new arrangements may be less favorable than the terms that the General Partner is able to obtain initially.

**Leverage; Risk of Borrowing.** The General Partner may cause the Partnership to incur Partnership-level debt in the form a one or more subscription facilities. The General Partner will seek to incur and manage such facilities prudently; however, such debt exposes the Partnership to refinancing, recourse, and other risks. Partnership-level debt facilities typically include covenants such as, but not limited to, covenants against the Partnership incurring or being in default under other recourse debt, including certain Partnership guarantees of asset level debt, which, if triggered could cause adverse consequences to the Partnership if it is unable to cure or otherwise mitigate such breach.

Any bankruptcy, insolvency, or default by a counterparty to the Partnership could result in a loss of an Investment, including, for example, where Partnership assets and securities are re-hypothecated or otherwise held by such counterparties and become subject to general claims of their creditors.

**Subscription Facility.** As noted above, the Partnership may enter into a subscription facility with a bank or syndicate of banks and may make borrowings in anticipation of calling capital from Limited Partners in connection with such borrowings. The facility may be secured by the Partnership's assets or the obligations of the Limited Partners to make Capital Contributions. To establish such a facility, the General Partner may assign to the lenders certain of the Partnership's rights to draw down capital from Limited Partners. To the extent permitted by applicable law, Limited Partners may also be obligated to make Capital Contributions at the demand of the lenders, waive rights or defenses with respect to their obligation to make Capital Contributions, provide financial information or execute other documents necessary in respect of such credit facility. The failure of other investors to honor their Commitments may result in a Limited Partner's payments exceeding its *pro rata* share of the indebtedness.

**Ability to Realize on Guaranties.** To the extent that the Partnership provides financing to one or more portfolio companies, affiliates or beneficial owners of such portfolio companies may provide, and execute in favor of the Partnership, a guaranty of payment. The guaranties provided by affiliates or beneficial owners, as applicable, of such portfolio companies in such situations may not be enforceable and, under specific circumstances, federal and state courts could void the guaranties under applicable fraudulent conveyance or other similar laws and require the Partnership to return payments received from the affiliates or beneficial owners, respectively, in such capacity. In addition, the guarantors may lack sufficient assets to satisfy the guaranties.

**Convertible Securities.** The Partnership may also invest in convertible securities. Convertible securities are bonds, debentures, notes, preferred stock or other securities that may be converted into or exchanged for a specified amount of common stock of the same or 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 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. 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 the Partnership is called for redemption, the Partnership 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 the Partnership's ability to achieve its investment objective.

***Equity Investments in Portfolio Companies.*** The Partnership may acquire equity interests in portfolio companies or their parent companies. Such Investments may involve risks not present in direct project investments, including, for example, the possibility that such portfolio companies might become bankrupt, or may at any time have economic or business interests or goals that are divergent from or contrary to those of the Partnership or that such portfolio companies may be in a position to take action contrary to the Partnership's objectives. In addition, to the extent that the Partnership or the Investment Advisor on its behalf manages a portfolio company together with the current management for such company, the Partnership may be liable for actions of the current management. While the Investment Advisor will review the qualifications and previous experience of any management team of a potential target portfolio company, the Investment Advisor may not in all cases obtain financial information from, or undertake private investigations with respect to, such prospective management personnel.

***Reliance on Management of Portfolio Companies.*** Although the Investment Advisor will monitor the performance of each portfolio company in which the Partnership invests, the management of such portfolio companies will be responsible for their operation on a day-to-day basis and will generally have sole and absolute discretion in structuring, negotiating and purchasing, financing, monitoring and eventually divesting investments made by such portfolio companies. Furthermore, the Partnership may not learn of significant structural events, such as personnel changes or substantial changes to the value of the assets of, or obtain other important information, regarding such portfolio companies until after the fact. In addition, it will be difficult, if not impossible, for the Partnership, the General Partner, the Investment Advisor or any of their affiliates to protect investors from the risk of the management team of any portfolio companies engaging in fraud, misrepresentation or material strategy alteration. Limited Partners themselves will generally have no direct dealings or contractual relationships at the portfolio company level.

Although the Partnership generally intends to invest in portfolio companies with strong management teams, there can be no assurance that the existing management teams of such portfolio companies will continue to operate such portfolio companies successfully or that such management teams will continue to be involved in such role throughout the period of the Partnership's investment. In the event that all or part of the management team ceases to be involved with the management of a portfolio company, the Partnership may not have any rights or remedies in order to mitigate the effects of such cessation or may not be able to exercise any rights or remedies without the support of other investors in such portfolio company, which may or may not be forthcoming.

***Risk of Portfolio Companies Being Limited in Their Ability to Make Distributions.*** Portfolio companies in which the Partnership invests may have debt obligations or securities that are senior to those held by the Partnership. Such debt incurred by, or senior securities issued by, a portfolio company could impair the

ability of such portfolio company to make interest payments or distributions to the Partnership as such debt or senior securities may have a priority in payment over the debt or securities held by the Partnership, as applicable. In addition, debt covenants and terms of senior securities may restrict or prohibit a portfolio company from making interest payments or distributions to the Partnership.

***Investments in Less Established Companies.*** The Partnership will invest in smaller, less established companies. Investments in such companies may involve greater risks than generally are associated with investments in more established companies. To the extent there is any public market for the securities of such companies, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources (including cash) and, therefore, are often more vulnerable to funding shortfalls and financial failure. Such companies may also have shorter operating histories on which to judge future performance and in many cases will have negative cash flow. Investments of the type expected to be made by the Partnership are speculative and may result in the loss of the entire Investment. There can be no assurance that any such losses will be offset by gains (if any) realized on the Partnership's other Investments. The Partnership has not established any minimum size for the companies in which it will invest.

***Service on Boards of Directors, Material Non-Public Information, Etc.*** Individual members of the General Partner, or other individuals (including without limitation Limited Partners) acting as agents or representatives of the General Partner or the Partnership (each an "Other Representative"), may serve as officers or directors of portfolio companies. In their capacity as officers or directors (or even simply by virtue of the Partnership's status as a shareholder of a portfolio company), such individuals may become subject to fiduciary or other duties which adversely affect the Partnership. For example, the Partnership may be unable to sell or otherwise dispose of portfolio securities if a member of the General Partner or an Other Representative is in possession of material, non-public (i.e., "inside") information relating to the issuer thereof. Nevertheless, the Partnership Agreement will not preclude members of the General Partner or an Other Representative from serving as officers or directors of portfolio companies or otherwise acquiring material, non-public information regarding portfolio companies. Conversely, the Partnership Agreement will not require that members of the General Partner or Other Representatives serve as officers or directors of portfolio companies, and there can be no assurance that the General Partner or an Other Representative will have a legal right to influence the management of any portfolio company or companies.

In general, if there is a conflict between the fiduciary duties of the General Partner, a member thereof, or an Other Representative, to a portfolio company and such person's fiduciary duties to the Partnership or the Limited Partners, such person's fiduciary duties to the portfolio company will prevail.

***Risks of Investing in Technology Companies.*** The Partnership may invest in one or more technology companies, which face a number of potential challenges including: competitive pressures, such as aggressive pricing; technological developments (including product-specific technological change); changing demand; the ability to attract and retain skilled employees; availability and price of components; dependence on intellectual property rights and potential loss or impairment of those rights; research and development costs; rapid product obsolescence; cyclical market patterns; evolving industry standards; and frequent new product introductions requiring timely and successful introduction of such new products and the ability to service such products. The following is a more in-depth discussion of certain of those risks.

- ***Significant Competition Among Technology Companies.*** The technology markets are highly competitive, rapidly evolving and often include many participants, both large, established companies and small start-ups, competing for market share. Customers in such markets make purchasing decisions based on a number of factors, which may include, without limitation:

- product and service performance, functionality and price;
- timeliness of new product and service introductions;
- network capacity;
- ease of installation, integration and use;
- customer service and technical support;
- name and reputation of vendor;
- quality and value of the products and services; and
- alliances with industry partners.

Companies in which the Partnership invests may compete with a number of other technology providers, some of which may have greater name recognition and substantially greater financial, management, marketing, service, support, technical, distribution and other resources. In addition, such competitors may merge with or be acquired by larger companies that are seeking to enter or expand in those markets. Given their larger size and greater resources, such competitors may be able to respond more effectively to new or changing opportunities, technologies, standards and customer requirements. As a result of this competition, technology companies in which the Partnership invests may be unable to become leaders in the industry and attract and retain qualified managerial and technical employees, which may be detrimental to their technological development and commercialization efforts. In addition, sophisticated customers may develop their own in-house solutions to meet their technological needs, thereby decreasing demand for the products offered by these technology companies.

If such technology companies are unable to anticipate or react to the competitive challenges describe above or if existing or new competitors gain market share in any of these markets, the competitive position of such technology companies could weaken, causing them to experience a decline in their sales that could adversely affect their business and operating results, and thus, the Partnership's return on Investments therein. This competition could result in increased pricing pressure, reduced profit margins, increased sales and marketing expenses, and failure to increase, or the loss of, market share, any of which would likely have a material and adverse impact on the business, operating results and financial condition of the technologies companies in which the Partnership invests.

- ***Cost of Technological Development.*** Technology companies often invest in developing specialized technology and intellectual property, including proprietary systems, processes and methodologies, that they believe provide them with a competitive advantage in serving their current clients and winning new client engagements. Their service offerings may rely on such specialized technology or intellectual property that is subject to rapid change, and to the extent that this technology and intellectual property is rendered obsolete and of no further use to such technology companies or their clients, their ability to continue offering services, and growing their revenues, could be adversely affected. There is no assurance that the technology companies in which the Partnership invests will be able to develop competitive, innovative or improved technology or intellectual property. If such technology companies are unable to develop new technology and intellectual property or if their competitors develop better technology or intellectual property, their revenues and results of operations could be adversely affected.

- ***Protecting Intellectual Property.*** Technology companies in which the Partnership invests could be negatively affected if they do not protect intellectual property that drives innovation. It may be critical to the continued development of leading technologies that they are able to protect and enhance their proprietary rights in intellectual property through patent, copyright, trademark and trade secret laws. These efforts may include protection of the products and the application, diagnostic and other software developed by these technology companies. To the extent they are not successful in protecting their proprietary rights, their business could be adversely impacted. Also, to the extent such technology companies sell products or



provide services that rely on technologies developed by others, if they are unable to continue to obtain licenses for such technologies, their businesses could be adversely impacted. Technology companies in which the Partnership invests may receive notices from third parties regarding patent and other intellectual property claims. Whether such claims have merit, they may require significant resources to defend. If an infringement claim is successful and such technology companies are required to pay damages, or they are unable to license the infringed technology or substitute similar non-infringing technology, their business and the Partnership's investment therein could be adversely affected.

- **Cybersecurity Risks.** Technology companies in which the Partnership invests may depend on information systems to manage and run their businesses. Additionally, services that they provide may require them to store, transmit or process sensitive or confidential client information, including personal consumer information and health or other personally identifiable information. If any person, including any employees or third-party vendors with whom such technology companies contract for data hosting services, negligently disregards or intentionally breaches any information security controls implemented to protect such confidential information and client data, the technology companies could incur legal liability and may also be subject to regulatory enforcement actions, fines and/or criminal prosecution in multiple jurisdictions. Liability in the event of a security breach of client data could be significant and depending on the circumstances giving rise to the breach, this liability may not be subject to a contractual limit of liability or an exclusion of consequential or indirect damages. Any unauthorized disclosure of sensitive, personal or confidential client information, whether through systems failure, employee negligence, fraud or misappropriation, could damage the relevant technology company's reputation and cause it to lose clients. Similarly, unauthorized access to or through their information systems, including an intentional attack by any person who may develop and deploy viruses, worms or other malicious software programs, could result in negative publicity, legal liability, significant remediation costs and damage to reputation and could have a material adverse effect on the technology company's business and results of operations. The nature of these threats and the methods used by persons seeking to disrupt or access such information systems are rapidly evolving, which makes it increasingly difficult to anticipate, prevent or mitigate these risks. The costs and operational focus required for implementing additional protective measures may also be significant and adversely affect business and results of operations.

**Nature of Investment in Subordinated Debt Instruments.** The Partnership may make investments in subordinated debt which would be unsecured and rank behind the issuer's secured indebtedness. While such subordinated debt investments may benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of the investments and may benefit from cross-default provisions, some or all of such terms may not be part of particular investments. Moreover, the ability of the Partnership to influence an issuer's affairs, especially during periods of financial distress or following insolvency, is likely to be substantially less than that of senior creditors. For example, under typical subordination terms, secured creditors are able to block the acceleration of the debt or the exercise by debt holders of other rights or remedies they may have as creditors for a period of time. Accordingly, the Partnership may not be able to take steps to protect its investments in a timely manner or at all. In addition, the unsecured debt in which the Partnership may invest may not be protected by financial covenants or limitations upon additional indebtedness, could have limited liquidity and may not be rated by a credit rating agency. Further, upon any distribution to an issuer's creditors in a bankruptcy, liquidation or reorganization or similar proceeding, the holders of such issuer's senior and/or secured indebtedness (to the extent of the collateral securing such obligation) will be entitled to be paid in full before any payment may be made with respect to the Partnership's subordinated debt investments. In the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to an issuer, the Partnership would participate with all other holders of such issuer's indebtedness in the assets remaining after the issuer has paid all of its senior and/or secured indebtedness (to the extent of the collateral securing such obligation). An issuer may not have sufficient funds to pay all of its creditors and the Partnership may receive nothing,

or less, ratably, than the holders of senior and/or secured indebtedness of such issuer or the holders of indebtedness that is not subordinated.

**Interest Rate Risk.** Over any defined period of time, the Partnership's interest-bearing assets may be more sensitive to changes in market interest rates than the Partnership's interest-earning liabilities, or vice versa. Factors that may affect market interest rates include, without limitation, inflation, slow or stagnant economic growth or recession, unemployment, money supply and the monetary policies of the Federal Reserve Board, international disorders and instability in domestic and foreign financial markets. The Investment Advisor expects that the Partnership will periodically experience imbalances in the interest rate sensitivities of their assets and liabilities and the relationships of various interest rates to each other. Generally, the value of fixed income securities (such as the Investments of the Partnership) will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on characteristics of the reset terms, including index chosen, frequency of reset and reset cap or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. There can be no guarantee that the General Partner and the Investment Advisor will be successful in fully mitigating the impact of interest rate changes, and declines in market value may ultimately reduce earnings or result in losses to the Partnership.

**Prepayments.** Certain Investments may be prepaid more quickly than expected. Prepayment rates are influenced by changes in interest rates, the economy and other factors beyond the Partnership's control. Early prepayments give rise to increased re-investment risk, as the Partnership might realize excess cash earlier than it expected. If the Partnership is unable to reinvest cash in a new Investment with an expected rate of return at least equal to that of the Investment repaid, this may reduce the Partnership's interest income and, consequently, could have an adverse impact on the Partnership's ability to make distributions.

**Investments in Different Parts of the Capital Structure.** The holders of classes of securities that differ from the class of securities owned by the Partnership may control the exercise of remedies in connection with such securities. Such exercise of remedies by a holder of a different class of securities may be in conflict with the interests of the Partnership. Tacora or its affiliates may own classes of securities which are more senior or more subordinate than certain of the securities owned by the Partnership which may result in certain conflicts of interest.

**Bankruptcy Risks.** In the event that a portfolio company in which the Partnership invests experiences severe financial difficulties, the Partnership may participate in a restructuring of such portfolio company, which may never overcome its difficulties. An investment in such portfolio company could, in certain circumstances, subject the Partnership to certain additional potential risks, including the fact that such portfolio company could enter into bankruptcy. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions which may be contrary to the interests of the Partnership. 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.

Generally, the duration of a bankruptcy case can only be roughly estimated. The reorganization of a portfolio company may involve 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 portfolio company and the Partnership; it is subject to unpredictable and lengthy delays; and during the process, the portfolio company's competitive position may erode, key management may depart and the portfolio company may not be able to invest adequately. In some cases, the portfolio company may not be able to reorganize and may be required to liquidate assets. The debt of portfolio 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.

Investment in the debt of portfolio companies domiciled outside the United States that become financially distressed 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.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for purposes of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Partnership'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.

The Investment Advisor, on behalf of the Partnership, may elect to serve on creditors' committees, equity holders' committees or other groups to ensure preservation or enhancement of the Partnership's positions as creditors or equity holders. A member of any such committee or group may owe certain obligations generally to all parties similarly situated that the committee represents. If the Investment Advisor concludes that its obligations owed to the other parties as a committee or group member conflict with its duties owed to the Partnership, it may resign from that committee or group, and the Partnership may not realize the benefits, if any, of participation on the committee or group. In addition, and also as discussed above, if the Partnership is represented on a creditors' committee or group, the Partnership may be restricted or prohibited under applicable law from disposing of its investments in such portfolio company while the Partnership continues to be represented on such committee or group.

If the Partnership were to purchase creditor claims subsequent to the commencement of a bankruptcy case, it is possible under judicial decisions 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.

**Recharacterization.** Under Title 11 of the U.S. Bankruptcy Code, a court may use its equitable powers to "recharacterize" the claim of a lender, *i.e.*, notwithstanding the characterization by the lender and borrower of a loan advance as a "debt," to find that the advance was in fact a contribution in exchange for equity. Typically, recharacterization occurs when an equity holder asserts a claim based on a loan made by the equity holder to the borrower at a time when the borrower was in such poor financial condition that other lenders would not make such a loan. In effect, a court that recharacterizes a claim makes a determination that the original circumstance of the contribution warrants treating the holder's advance not as debt but rather as equity. In determining whether recharacterization is warranted in any given circumstance, courts may look at the following factors: (1) the names given to the instruments (if any) evidencing the indebtedness; (2) the presence or absence of a fixed maturity or scheduled payment; (3) the presence or absence of a fixed rate of interest and interest payments; (4) the source of repayments; (5) the adequacy

or inadequacy of capital; (6) the identity of interest between the creditor and the equity holders; (7) the security (if any) for the advances; (8) the borrower's ability to obtain financing from outside lending institutions; (9) the extent to which the advances were subordinated to the claims of outside creditors; (10) the extent to which the assets were used to acquire capital assets; and (11) the presence or absence of a sinking fund to provide for repayment. These factors are reviewed under the circumstances of each case, and no one factor is controlling. The Partnership may be subject to claims from creditors of an obligor that debt obligations of such obligor held by the Partnership should be recharacterized.

***Equitable Subordination.*** If a lender (i) 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, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors, or (iv) 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"). The Partnership 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 debt obligations and the Partnership's focus on "active management" of its Investments, the Partnership may be subject to claims from creditors of an obligor that debt obligations of such obligor that are held by the Partnership should be equitably subordinated.

***Lack of Secondary Markets for Loans and Preferred Equity Interests.*** In general, the secondary trading markets for loans to, and preferred equity interests in, portfolio companies (if any) are not well developed. Such lack of active trading markets may make it difficult to value such loans and preferred equity interests. Illiquidity and adverse market conditions may mean that the Partnership may not be able to sell the loans it previously made to, or preferred equity interests it previously acquired in, portfolio companies quickly or at a fair price. To the extent that a secondary market does exist for such loans or preferred equity interests, the market for them may be subject to irregular trading activity, wide bid/ask spreads and extended trade settlement periods.

***Financial Fraud.*** The Partnership's business could be adversely affected by material misrepresentations or omissions on the part of a borrower or counterparty or by fraudulent behavior by a joint venture partner, manager or other service provider. Inaccuracies or incompleteness of representations may adversely affect the valuation of collateral underlying loans and may adversely affect the ability of the Partnership to perfect or effectuate a lien on the collateral securing a loan. Fraudulent behavior by a counterparty could result in the misappropriation of funds or otherwise reduce the value of one or more of the Partnership's Investments. The Partnership will rely upon due diligence by Tacora and the accuracy and completeness of representations made by borrowers, other counterparties, joint venture partners, managers and other service providers and cannot guarantee that it will detect occurrences of fraud. In addition, under certain circumstances, payments by borrowers to the Partnership may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential distribution.

***Limited Secondary Markets.*** There is a limited secondary market for many of the securities in which the Partnership may invest and the lack of such an established, liquid, secondary market may have an adverse effect on the market value of such Investment and the Partnership's ability to dispose of them.

### **Risks Related to the Partnership Generally**

***Future Investments Unspecified; Availability of Suitable Investments.*** As of the date of this Memorandum, none of the Investments have been identified. Limited Partners, therefore, will be relying on the ability of the Investment Advisor to select the Investments to be made. Furthermore, to the extent the investment

strategy of the Partnership relies upon the continuation of current market and economic conditions and such conditions do not continue for the near future, the Partnership may not be able to invest any significant portion of its Commitments.

***Potential for Insufficient Investment Opportunities.*** The activity of identifying, completing, and realizing attractive Investments on a global basis is competitive and involves a high degree of uncertainty. The venture capital/private equity business is highly competitive, and has become more so in recent years due to a substantially increased flow of capital into venture capital/private equity funds and similar investment organizations. The Partnership and the General Partner will be competing with other established funds and investment organizations with substantial resources and experience, as well as with other lenders and financial investors for the Investments that the Partnership will make. Moreover, the volume of attractive investment opportunities varies greatly from period to period and the availability of investment opportunities generally will be subject to market conditions as well as to the prevailing regulatory and political climate. Other funds with similar investment objectives may be formed in the future by other unrelated parties. As a result, there can be no assurance that the Partnership will be able to identify and execute Investments that satisfy the Partnership's return objectives or realize their potential values or that the Partnership will be able to become fully invested for a significant period of time, if at all.

***Illiquid and Long-Term Investments.*** Investment in the Partnership requires a long-term commitment with no certainty of return. Many of the Investments of the Partnership will be highly illiquid, and there can be no assurance that the Partnership will be able to realize on such Investments in a timely manner. While an investment may be securitized, sold or otherwise disposed of, it is generally expected that the Partnership will hold its Investments until securitization or sale, which may not occur for a number of years after the Investment is made. In addition, in some cases the Partnership may be prohibited by contract or legal or regulatory reasons from selling certain Investments for a period of time.

***Reliance on General Partner, the Investment Advisor and Principal.*** The success of the Partnership is substantially dependent on certain Tacora employees, and the ability of the Investment Advisor and/or the General Partner to identify and consummate suitable Investments. Should one or more of these individuals become incapacitated or in some other way cease to participate in the Partnership, its performance could be adversely affected. In addition, COVID-19 or any similar global health pandemic may cause employees of the Investment Advisor and certain other service providers to the Partnership to be absent from work or work remotely for prolonged periods of time. The potential inability of the employees of the Investment Advisor and/or other service providers to the Partnership to work effectively on a remote basis may adversely impact the day-to-day operations of the Partnership. Any similar future outbreak or pandemic could have similar potential adverse effects on the U.S. and global economies, the Investment Advisor and/or the Partnerships. Finally, there can be no assurance that any Tacora employee will continue to be affiliated with the Partnership throughout its term.

***Failure to Maintain Adequate Business Continuity Plans.*** Should Tacora, or any of its critical service providers, experience a significant local or regional disaster or other significant business disruption, Tacora's ability to remain operational will depend in part on the safety and availability of Tacora's personnel and office facilities, and the proper functioning of the Tacora's network, telecommunication and other related systems and operations. Tacora has backup systems and contingency plans, but it cannot ensure that they will be adequate under all circumstances or that material interruptions and disruptions will not occur. In addition, Tacora relies to varying degrees on outside vendors for disaster recovery support, and it cannot guarantee that these vendors will be able to perform in an adequate and timely manner. Failure by Tacora, or any of its critical service providers, to maintain up-to-date business continuity plans, including system backup facilities, would impede its ability to operate in the event of a significant business disruption, which could result in financial losses to the Partnership and the Limited Partners.

**Due Diligence.** Before making Investments, the Investment Advisor will conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each Investment. When conducting due diligence, the Investment Advisor may be required to evaluate complex business, financial, tax, accounting and legal issues and in doing so, will rely on the resources and data reasonably available to it, which in some circumstances, whether or not known to the Investment Advisor at the time, may be insufficient, inaccurate, incomplete or unreliable. To the extent that any such resources or data are inaccurate or other market participants have developed, based on such resources or data, trading strategies similar to the Partnership's trading strategies, the Partnership may not be able to realize its investment goals. In addition, fundamental market information is subject to interpretation. To the extent that the Investment Advisor misinterprets the meaning of certain data, the Partnership may incur losses. The Investment Advisor's due diligence also may not reveal or highlight matters that could have a material adverse effect on the value of an investment. Further, certain Investments may allow for a shorter period of time for which the Investment Advisor to conduct due diligence, including, but not limited, Investments requiring the rapid deployment of capital. To the extent that such a scenario arises, the Investment Advisor's due diligence may not reveal or highlight matters that could have a material adverse effect on the value of such Investment.

**No Market for Limited Partnership Interests.** Limited partnership interests in the Partnership have not been registered under the Securities Act, the securities laws of any state, or the securities laws of any other jurisdiction, and, therefore, cannot be sold unless they are subsequently registered under the Securities Act and other applicable securities laws or an exemption from registration is available. It is not contemplated that registration under the Securities Act or other securities laws will ever be effected. There is no public market for limited partnership interests in the Partnership and one is not expected to develop. Each Limited Partner will be required to represent that it is a qualified investor under applicable securities laws and that it is acquiring its limited partnership interest for investment purposes and not with a view towards resale or distribution and that it will only sell and transfer its limited partnership interest to a qualified investor under applicable securities laws or in a manner permitted by the Partnership Agreement and consistent with such laws. A Limited Partner will not be permitted to assign, sell, exchange, or transfer any of its interest, rights, or obligations with respect to its limited partnership interest, except by operation of law, without the prior written consent of the General Partner, which consent may be withheld in the sole discretion of the General Partner. Except in extremely limited circumstances, voluntary withdrawals from the Partnership will not be permitted. Limited Partners must be prepared to bear the risks of owning Interests for an extended period of time.

**Reinvestment.** Under certain circumstances, proceeds distributable to the Partners may be retained by the General Partner and used by the General Partner for any proper purpose, including to make new Investments during the Commitment Period and to repay indebtedness or to fund future capital requirements on existing Investments of the Partnership. Accordingly, due to the recycling of Commitments, a Partner may, in certain circumstances, be required to fund an aggregate amount in excess of its Commitment during the term of the Partnership.

**In-Kind Distributions.** Under such circumstances as the General Partner deems appropriate, the Limited Partners may receive in-kind distributions of the Partnership's Investments in accordance with the Partnership Agreement, if permitted by law. In connection with a liquidating distribution of the Partnership, Limited Partners may receive distributions of Investments, which may not be readily marketable or salable, in accordance with the Partnership Agreement. The Investments distributed in-kind will be valued by the Investment Advisor or its delegate, as applicable, at what it deems in good faith to be their "fair value," as determined in accordance with the Investment Advisor's valuation policies and procedures, and this valuation will be conclusive for various purposes, including for the calculation of the Carried Interest.

**Investments Longer than Term.** The Partnership may invest in Investments which may not be advantageously disposed of prior to the expiration of the Partnership term. Although the General Partner expects that the Investments will be disposed of prior to the expiration of the Partnership term, the Partnership may take a reasonable period of time from the expiration of the Partnership term to wind up the Partnership affairs and dispose of assets, in accordance with the terms of the Partnership Agreement. In light of the foregoing, prospective investors should note that the Partnership may have to sell, distribute, or otherwise dispose of Investments at a disadvantageous time.

**Lack of Management Rights.** Limited Partners will have no opportunity to control the day-to-day operation, including investment and disposition decisions, of the Partnership. The authority for all such decisions will reside in the General Partner, which will be advised as to such decisions by the Investment Advisor. Except in certain limited circumstances described in the Partnership Agreement, the General Partner will have absolute discretion in structuring, negotiating, purchasing, financing, and eventually divesting Investments on behalf of the Partnership. Consequently, the Limited Partners will generally not be able to evaluate for themselves the merits of particular investments prior to the Partnership's making such Investments.

**Enhanced Scrutiny and Potential Regulation of the Alternative Investment Industry.** There have been (and will continue to be) significant legislative developments, including extensive rulemaking and regulatory changes under the Dodd-Frank Act, that will affect private fund managers, the funds that they manage and the financial industry as a whole. This comprehensive reform of the U.S. financial regulatory system, among other things, requires registration with the Securities and Exchange Commission (the "SEC") of advisors to private equity funds whose assets under management exceed \$150 million (with certain limited exceptions) and imposes new reporting and recordkeeping obligations with respect to the private equity funds they advise. Other provisions of the Dodd-Frank Act require rulemaking by the applicable regulators before becoming fully effective, and certain of these rulemakings have yet to be finalized. The Dodd-Frank Act also imposes a number of restrictions on the relationship and activities of banking organizations with private equity and hedge funds and other provisions that will affect the private equity industry, either directly or indirectly. In addition, amendments to banking, lending and other relevant laws and regulations could alter an expected outcome or introduce greater uncertainty regarding the likely outcome of an investment situation or the availability of investment opportunities. The Dodd-Frank Act, as well as future related legislation, could adversely impact strategies in which the Partnership engages or intends to engage and could add costs to the legal, operations and compliance obligations of the Partnership, all of which may have an adverse effect on Tacora or the Partnership, specifically, as well as the private equity industry generally. Moreover, the general political climate of the United States has brought significant attention to, and scrutiny of, the role of private equity in the U.S. economy. There can be no assurance that any continued regulatory scrutiny or initiatives will not have an adverse impact on Tacora or otherwise impede the Partnership's activities.

The enactment of these reforms and/or other similar legislation could have an adverse effect on the private investment funds industry generally and on Tacora and/or the Partnership specifically, and may impede the Partnership's ability to effectively achieve its investment objectives.

In addition, as private equity firms and other alternative asset managers become more influential participants in the U.S. and global financial markets and economy generally, the private equity industry has been subject to enhanced public scrutiny. Various federal, state, and local agencies have been examining the role of placement agents, finders, and other similar private equity service providers in the context of investments by public pension plans and other similar entities, including investigations and requests for information.

**Tax Considerations.** There can be no assurance that the conclusions set forth in this Memorandum will not be challenged successfully by the Internal Revenue Service (the “IRS”) or any other applicable taxing authority, or significantly modified by new legislation, changes in the IRS’s or other applicable taxing authority’s positions or court decisions. The Partnership has not applied for, nor does it expect to apply for, any advance rulings from the IRS or other applicable taxing authority with respect to any of the tax consequences described in this Memorandum. The Partnership may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by the IRS or other applicable taxing authority, there could be a materially adverse effect on the Partnership and/or its investors.

**Non-U.S. Tax Considerations.** Although there can be no assurance, it is intended that the affairs of the Partnership will be conducted such that the Partnership will not be subject to income taxation in any non-U.S. jurisdiction. Income and gains from investments held by the Partnership may be subject to withholding taxes or taxes in non-U.S. jurisdictions, subject to the possibility of reduction under applicable tax treaties. Limited Partners generally may be entitled, subject to applicable limitations, to a credit against U.S. federal income tax for creditable foreign income taxes paid on the foreign source income and gains of the Partnership (which may not include all of the Partnership’s gains). The foreign tax credit rules are complex, and may, depending on each Limited Partner’s particular circumstances, limit the availability or use of foreign tax credits. With respect to certain countries, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of the Partnership, political or social instability or diplomatic developments that could affect Investments in those countries.

**Tax Audit Risk.** Pursuant to the U.S. Bipartisan Budget Act of 2015, as amended, or any similar state or local tax rules (“BBA”), the IRS is generally permitted to determine adjustments to items of income, gain, deduction, loss or credit of the Partnership, and assess and collect taxes attributable thereto (including any applicable penalties and interest), at the Partnership level. Although certain elections or other procedures may be available to mitigate the impact of such determination, assessment or collection, there can be no assurances that the Partnership will avoid, or be able to avoid, any entity-level determination, assessment or collection. In addition, any such elections or procedures may have differing results on the tax liability of Limited Partners depending on the tax status of each Limited Partner, and the Partnership may not be able to take into account the particular facts or circumstances of a Limited Partner. A Limited Partner may be required to bear a share of the economic burden of taxes so assessed or collected without regard to whether such person was a Limited Partner, or without regard to his relative ownership interest, during the taxable year of the Partnership to which such taxes relate. Each partnership required to file, or that files, a U.S. income tax return, must designate a representative under the BBA (the “Partnership Representative”) with the sole authority to act on behalf of, and to bind, the partnership, its partners, and any other person whose tax liability is determined by taking into account adjustments under the BBA. Limitations on the authority of the Partnership Representative in the Partnership Agreement or in any other agreement will not be binding during examinations upon audit or any other proceedings. In addition, Limited Partners will not be able to participate in any such examinations or proceedings without permission of the IRS. Limited Partners should note that the BBA regime is complex and that the impact on any current or future allocations made or cash available for distributions or withdrawals by the Partnership is uncertain. The Partnership may also be exposed to the risk that these rules apply to any entity treated as a partnership for U.S. federal income tax purposes in which the Partnership directly or indirectly invests. The legal and accounting costs incurred in connection with any audit of the Partnership will be borne by the Partnership. The cost of any audit of any Limited Partner will be borne solely by the Limited Partner. Prospective Limited Partners should consult their own tax advisors in this regard.

**Tax Liabilities Without Distributions.** If the Partnership has taxable income in a fiscal year, each Limited



Partner otherwise subject to tax will be taxed on that income in accordance with its allocable share of the Partnership's profits, whether or not such profits have been distributed. Because the General Partner anticipates that there will be no cash distributions to the Limited Partners, an investor may incur tax liability with respect to activities of the Partnership without receiving sufficient distributions from the Partnership (if any) to defray such tax liabilities. In order to satisfy its tax liability in such a case, a Limited Partner would need sufficient funds from sources other than the Partnership. Furthermore, the Partnership may make investments with respect to which the Partnership recognizes income for U.S. federal income tax purposes prior to receiving the cash or realizing the income as an economic matter. In addition, the Partnership may recognize income for U.S. federal income tax purposes that does not reflect income as an economic matter. Such recognition of income prior to receipt of an economic benefit, if any, may result in increased tax liability for the Limited Partners.

***Tax-Exempt U.S. Investors.*** The General Partner will use its reasonable best efforts to manage the Partnership so that Tax-Exempt U.S. Limited Partners should not recognize UBTI; provided, however, that the recognition of any UBTI as a result of, or with respect to, (a) any activities of a Limited Partner unrelated to the activities of the Partnership, (b) Transaction Fees deemed received by the Partnership, (c) borrowings permitted under "Borrowings and Guarantees" or (d) a change in law after the Initial Closing Date, shall not constitute a violation of the General Partner's obligation in this regard. Nevertheless, potential Tax-Exempt U.S. Limited Partners should be aware that the Partnership's activities conducted may give rise to UBTI for U.S. federal income tax purposes, including as a result of fee income earned in connection with its lending activities (or in connection with the Management Fee offset mechanism). Potential tax-exempt U.S. investors are strongly urged to consult with their own tax advisors.

***Delayed Schedules K-1.*** The Partnership will endeavor to provide Schedules K-1 to Limited Partners as soon as reasonably practicable following the end of the taxable year, but may not be able to provide final Schedules K-1 to Limited Partners for any given fiscal year until after April 15 of the following year. Schedules K-1 will not be available until completion of the Partnership's annual audit. Limited Partners should be prepared to obtain extensions of the filing date for their income tax returns at the U.S. federal, state and local levels.

***Tax Considerations Taken into Account.*** The General Partner may take tax considerations into account in determining when the Partnership's investments should be sold or otherwise disposed of, and may assume certain market risk and incur certain expenses in this regard to achieve favorable tax treatment of a transaction; however, no assurance can be provided that any such favorable tax treatment will be achieved.

***U.S. Tax Changes.*** Prospective investors will be subject to the risk that changes to the tax law may adversely affect the U.S. federal income tax consequences of their investment in the Partnership. Changes in existing tax laws or regulations and their interpretation may be enacted after the date of this Memorandum, possibly with retroactive effect, and could alter the income tax consequences of an investment in the Partnership. Certain provisions of the Code may be further amended or interpreted in a manner adverse to the Partnership, in which event any benefits derived from an investment in the Partnership may be adversely affected. In addition, significant legislative and budgetary proposals affecting tax laws have been made by the legislative and executive branches of the U.S. federal government. The likelihood of enactment of any such proposals, or any similar proposals, into law is uncertain. The enactment of any such proposals, including subsequent proposals, into law could have material adverse effects on the Partnership and the Limited Partners. Enactment of such legislation, or similar legislation, could require significant restructuring of the Partnership in order to mitigate such effects. No assurance can be given that legislative, administrative or judicial changes that could alter, either prospectively or retroactively, the U.S. tax considerations or risk factors discussed in this Memorandum will not occur.

***Liability for Return of Distributions.*** Any Partner's Commitment is susceptible to risk of loss as a result of any liability of the Partnership irrespective of whether such liability is attributable to an investment to which such Partner did not contribute any capital. If the Partnership is otherwise unable to meet its obligations, the Limited Partners may, under applicable law, be obligated to return, with interest, cash distributions previously received by them to the extent such distributions are deemed to constitute a return of their capital contributions or are deemed to have been wrongfully paid to them. In addition, a Limited Partner may be liable under applicable Federal and state bankruptcy or insolvency laws to return a distribution made during the Partnership's insolvency.

***Indemnification and Exculpation.*** The Partnership will be required to indemnify the General Partner, its affiliates and each of their respective members, officers, directors, employees, shareholders and partners for liabilities incurred in connection with the affairs of the Partnership. Such liabilities may be material and have an adverse effect on the returns to the Limited Partners. The indemnification obligation of the Partnership would be payable from the assets of the Partnership, including the unpaid Commitments of the Limited Partners. If the assets of the Partnership are insufficient, the General Partner may recall distributions previously made to the Limited Partners, subject to certain limitations set forth in the Partnership Agreement. Furthermore, as a result of the provisions contained in the Partnership Agreement, the General Partner's duties to the Partnership and the Limited Partners (and its liability for breach thereof) may be more limited than they would be in the absence of such limitations.

***Forward-Looking Statements; Opinions.*** Statements contained in this Memorandum (including those relating to current and future market conditions and trends in respect thereof) that are not historical facts are based on current expectations, estimates, projections, opinions and/or beliefs of the Investment Advisor. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Moreover, certain information contained in this Memorandum constitutes "forward-looking" statements, which can be identified by the use of forward-looking terminology such as "may", "can", "will", "would", "seek", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target", or "believe", or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, including those set forth herein, actual events or results or the actual performance of the Partnership may differ materially from those reflected or contemplated in such forward-looking statements.

***Uncertainty of Targeted or Projected Returns.*** The Partnership will make Investments based on the Investment Advisor's estimates or projections of internal rates of return and current returns, which in turn are based on, among other considerations, assumptions regarding the performance of Partnership assets, the amount and terms of available financing and the manner and timing of dispositions, all of which are subject to significant uncertainty. In addition, events or conditions that have not been anticipated may occur and may have a significant effect on the actual rate of return received upon the Investments. The Partnership may make Investments that may have different degrees of associated risk. In considering the information contained in this Memorandum, prospective investors should bear in mind that past, targeted, or projected performance is not necessarily indicative of future results, and there can be no assurance that targeted or projected returns will be achieved, that the Partnership will achieve comparable results or that the Partnership will be able to implement its investment strategy or achieve its investment objectives.

***Consequences of Limited Partner Default.*** If a Limited Partner fails to pay, or if the General Partner believes that a Limited Partner will fail to pay, when due installments of its Commitment to the Partnership, non-defaulting Limited Partners may be required to make additional or increased capital contributions with respect to a particular Investment. If the contributions made by non-defaulting Limited Partners and borrowings by the Partnership are inadequate to cover the defaulted capital contribution, the Partnership may be unable to pay its obligations when due. As a result, the Partnership may be subjected to significant

penalties that could limit opportunities for investment diversification and materially adversely affect the returns of the Limited Partners (including non-defaulting Limited Partners). If a Limited Partner defaults, it may be subject to various remedies as provided in the Partnership Agreement, including, without limitation, forfeiture of its capital account balance, a forced sale of its Interests in the Partnership at a reduced value, and preclusion from further investment in or sharing in gains of the Partnership.

***Cancellation of Commitment Period; Early Termination of the Partnership.*** If, pursuant to and in accordance with the terms of the Partnership Agreement, the Commitment Period is cancelled earlier than anticipated, there can be no certainty regarding the Partnership's ability to accomplish its investment objectives. Moreover, it is possible that the Partnership may be dissolved and terminated prematurely, and as a result, may not be able to accomplish its objectives and may be required to dispose of its investments at a disadvantageous time or make an in-kind distribution (resulting in Limited Partners not having their capital invested and/or deployed in the manner originally contemplated).

***Dilution from Subsequent Closings.*** Limited Partners subscribing for Interests at subsequent closings will generally participate in existing Investments of the Partnership, directly or indirectly, diluting the interests of existing Limited Partners therein. Although such Limited Partners will contribute their *pro rata* share of previously made Partnership draws (plus an additional amount thereon), unless the General Partner in its discretion excludes new investors from existing Investments as described in the Partnership Agreement, there can be no assurance that this payment will reflect the fair value of the Partnership's existing Investments at the time such additional Limited Partners subscribe for Interests.

***Disclosure of Information.*** Limited Partners are expected to include entities that are subject to state public records or similar freedom of information laws that may compel public disclosure of confidential information regarding the Partnership, the Investments and/or its investors. There can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement or otherwise, including to comply with regulations or policies to which the Partnership, the General Partner, the Investment Advisor, portfolio companies or service providers to any of them may be or become subject.

To the extent that the General Partner determines in good faith that, as a result of the U.S. Freedom of Information Act ("FOIA"), any governmental public records access law, any state or other jurisdiction's laws similar in intent or effect to FOIA, or any other similar statutory or regulatory requirement, a Limited Partner or any of its affiliates may be required to disclose information relating to the Partnership, its affiliates, and/or any entity in which an Investment is made (other than certain fund-level, aggregate performance information described in the Partnership Agreement), the General Partner may, in order to prevent any such potential disclosure, withhold all or any part of the information otherwise to be provided to such Limited Partner.

***Possibility of Different Information Rights.*** Certain Limited Partners may request information from the General Partner relating to the Partnership and its Investments and the General Partner generally intends to provide such Limited Partners with the information requested to the extent practicable and germane to monitoring their Interests (subject to availability, applicable law, confidentiality obligations and other similar considerations). Limited Partners may also be entitled to receive additional or customized reporting relating to their investment in the Partnership pursuant to their side letters, which are particular to such Limited Partners and may not be available to other Limited Partners. Any such Limited Partners that request and receive such information will consequently possess information regarding the business and affairs of the Partnership that is not generally known to other Limited Partners. As a result, certain Limited Partners may be able to take actions on the basis of such information which, in the absence of such information, other Limited Partners do not take.

**Cybersecurity Risk.** As part of its business, the Investment Advisor processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Partnership and personally identifiable information of the investors. Similarly, service providers of the Investment Advisor and the Partnership, especially the Partnership’s administrator, may process, store and transmit such information. The Investment Advisor has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to the Investment Advisor may be susceptible to compromise, leading to a breach of the Investment Advisor’s network. The Investment Advisor’s systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. Online services provided by the Investment Advisor to the Investors may also be susceptible to compromise. Breach of the Investment Advisor’s information systems may cause information relating to the transactions of the Partnership and personally identifiable information of the investors to be lost or improperly accessed, used or disclosed.

The service providers of the Investment Advisor and the Partnership are subject to the same electronic information security threats as the Investment Advisor. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Partnership and personally identifiable information of the investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Investment Advisor’s or the Partnership’s proprietary information may cause the Investment Advisor or the Partnership to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Partnership and the investors’ investments therein.

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE DESCRIPTION OF ALL OF THE RISKS AND CONFLICTS THAT MAY BE ASSOCIATED WITH THE ADVISER’S INVESTMENT STRATEGY OR THAT ARE APPLICABLE TO THE FUNDS. INVESTORS SHOULD READ THE OPERATIVE DOCUMENTS, THIS BROCHURE AND ALL OTHER APPLICABLE DISCLOSURE MATERIALS IN THEIR ENTIRETY.**

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***Item 9: Disciplinary Information***

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Tacora and its supervised persons have no reportable disciplinary events to disclose.

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

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***Item 10.A: Broker-Dealer Activities***

Not applicable. Tacora is not and does not have a pending application to be a broker-dealer.

***Item 10.B: Commodity or Futures Industry Affiliations***

Neither Tacora nor its affiliates currently is registered with the NFA or the Commodities Futures Trading Commission (“CFTC”) as a commodity pool operator or commodity trading adviser with respect to the Fund in reliance upon an exemption from registration provided by CFTC Section 4.13(a)(3) and other

applicable exemptions.

**Item 10.C: *Material Relationships***

Tacora's affiliates serve as general partner, managing partner or investment manager with respect to the Fund. These relationships are disclosed fully in the Partnership offering documents in connection with the Fund.

**Item 10.D: *Other Investment Adviser Recommendations***

Not Applicable. Tacora does not recommend other investment advisers for its clients.

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

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**Item 11.A: *Code of Ethics Generally***

Tacora has adopted a written Code of Ethics (the "Code") designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Advisers' employees. The Code contains policies and procedures that ensure that all personal securities trading by access persons of the Firm is conducted in such a manner as to avoid actual or potential conflicts of interest or any abuse of an individual's position of trust and responsibility.

The Code requires, among other requirements, Tacora's covered persons to:

- Report their personal securities transactions;
- Pre-clear purchases of IPOs and private placements; and
- Comply with the policies and procedures reasonably designed to prevent the misuse of and trading upon material non-public information.

The Code also requires periodic reporting of employees' personal securities holdings and requires prompt reporting of Code violations. The Code requires Tacora's covered persons to conduct their personal securities transactions in a manner that prioritizes the client's interests over theirs.

Tacora and its affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, Tacora and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of Tacora. Accordingly, should Tacora or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company, Tacora would be prohibited from communicating such information to clients, and Tacora will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law.

Tacora will provide a copy of the Code to any client or Fund investor or prospective client or Fund investor upon request.

**Item 11.B through Item 11.D.: *Related Person Transactions in Similar Securities***

Due to the type of securities that the Partnership will invest in, Tacora does not anticipate that its related persons to transact in securities that it recommends to its client. If, however, Tacora causes the Partnership to enter into transactions and/or arrangements involving actual or potential conflicts of interest, including those described in Item 8 above, Tacora and its affiliates will review any such transactions or arrangements involving material conflicts of interest and take such actions as they deem appropriate or necessary under the circumstances in an attempt to ensure that the overall terms of such transactions or arrangements are fair and equitable under the circumstances.

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***Item 12: Brokerage Practices***

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Tacora advises in privately negotiated transactions with the prospective counter parties. As a result, the Adviser does not select or recommend broker-dealers for and does not use “soft” dollars in connection with Fund transactions. Accordingly, Tacora generally does not use, select or otherwise recommend broker-dealer or other counterparties in connection with the investment activities of the Funds. In some circumstances while implementing transactions for a Fund, Tacora may take into account the full range of applicable factors when hiring third party service providers or other intermediaries, including reputation, level of expertise, price, etc. Tacora, on behalf of the Fund, may engage investment banks, securities underwriters, brokers, legal and tax experts, accounting experts, environmental experts, insurance professionals and other service providers. The Fund pays for these service providers through commissions or other service fees. Tacora believes that the analysis of the value of the services rendered by these service providers involves a number of factors, and that price is not the ultimate factor when determining “best execution” in selecting service providers.

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

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

All Fund assets are periodically monitored and reviewed by the Adviser in the context of the Fund’s stated investment guidelines. More frequent reviews may be triggered by material changes in variables such as the market, political or economic environment.

***Item 13.C: Client Reports***

Investors in the Funds are provided periodic financial reports such as audited financial statements, capital call statements and distribution statements. Investors also receive quarterly updates on the performance of the assets in the Funds.

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

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***Item 14.A: Other Compensation***

Not applicable. Tacora does not receive a direct or indirect economic benefit from any third party for providing investment advice or other advisory services to any Fund.

***Item 14.B: Client Referrals***

Tacora does not currently compensate any person, directly or indirectly, for Client referrals.

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**Item 15: Custody**

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Tacora does not have custody of the Fund's securities and cash for the purposes of Rule 206(4)-2 of the Advisers Act. The Adviser maintains compliance with Rule 206(4)-2 of the Investment Advisers Act of 1940 by ensuring that the Fund utilizes a qualified custodian and Fund is audited on an annual basis by an independent accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board in accordance with its rules.

Tacora will use commercially reasonable efforts to provide audited financial statements prepared in accordance with generally accepted accounting principles, or other reasonable method of accounting consistently applied, to all investors (or other beneficial owners) of the Funds within 120 days of the end of its fiscal year.

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**Item 16: Investment Discretion**

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Tacora manages the Funds on a discretionary basis in accordance with the terms and conditions of the Fund's offering and organizational documents. Accordingly, Tacora generally has the authority to determine, without obtaining specific client consent, which investments to transact in and the duration of the holding period prior to exiting such investments. Each investor in the Fund grants the general partner thereof a limited power of attorney to enable the general partner to execute the partnership agreement and perform certain other ministerial functions with respect to the Fund.

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**Item 17: Voting Client Securities**

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Tacora does not generally invest in listed securities. Therefore, it is not expected that Tacora will be called upon to vote a proxy for a subject security owned by the Fund. Nonetheless, Tacora does have proxy voting authority on behalf of the Fund. If, in the event that Tacora is called upon to vote proxies, it will do so in accordance with their proxy voting policies and procedures, pursuant to Rule 206(4)-2 of the Advisers Act.

Tacora's proxy voting procedures are designed to ensure that proxies are voted in a manner that is in the best interest of the client. Tacora will generally vote in favor of matters that enhances shareholder value. Tacora may determine not to vote proxies in respect of securities of an issuer if it determines it would be in the Fund's overall best interest not to vote. Clients may obtain copies of Tacora's proxy voting policies by contacting the Chief Compliance Officer.

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**Item 18: Financial Information**

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**Item 18.A: Balance Sheet**

Not applicable. Tacora does not require or solicit prepayment six months or more in advance.

**Item 18.B: Financial Condition**

Currently, Tacora is not aware of any financial condition that is reasonably likely to impact its ability to meet its contractual commitments to clients.

**Item 18.C: *Bankruptcy Petitions***

Not applicable. Tacora has not been the subject of a bankruptcy petition at any time during the past ten years.