

Part 2A of Form ADV: Firm Brochure

Item 1 - Cover Page

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The date of this brochure is March 2023.

This brochure provides information about the qualifications and business practices of ISO-mts Capital Management LP (“Adviser”). If you have any questions about the contents of this brochure, please contact Joann Petrossian at jpetrosian@iso-mts.com. The information in this brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about the Adviser is available on the SEC’s website at www.adviserinfo.sec.gov.

Any reference to the Adviser as a “registered investment adviser” or as being “registered,” does not imply a certain level of skill or training.

Item 2 - Material Changes

This Brochure is an annual amendment to the Form ADV Part 2A last filed in November 2022. There are no material changes to this Brochure since the last filing. This filing may contain other changes and you are encouraged to review the entire filing.

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Item 4 - Advisory Business

ISO-mts Capital Management LP (“Adviser,” “we” or “us”) is a Delaware limited partnership that commenced business operations in August 2022. The general partner of the Adviser is ISO-mts Capital GP LLC (“Adviser GP”). The Adviser and the Adviser GP are principally owned by Justin D’Ercole and Paul Feidelson.

We intend to manage the following private investment funds (each, a “Fund” and, collectively, the “Funds”):

- ISO-mts Capital Partners Master LP, a Cayman Islands exempted limited partnership (“Master Fund”);
- ISO-mts Capital Partners LP, a Delaware limited partnership (“Domestic Feeder Fund”); and
- ISO-mts Capital Partners Offshore Ltd., a Cayman Islands exempted company (“Offshore Feeder Fund”).

ISO-mts Capital Partners GP LLC (the “General Partner”) is the general partner of the Master Fund and the Domestic Feeder Fund. Like the Adviser, the General Partner is principally owned by Justin D’Ercole and Paul Feidelson. Unless and only to the extent that the context otherwise requires, references to the Adviser, we or us herein are deemed to include references to the General Partner as well.

We intend to provide discretionary investment advice to the Funds. In the future, we intend to provide discretionary and/or non-discretionary investment advice to other private investment funds and/or separately managed accounts (collectively with the Funds, “clients”).

Each Fund is managed in accordance with its own investment and trading objectives, as described in its offering and governing documents and agreements (collectively, “Fund Documents”). We generally do not permit investors in the Funds that we manage to impose limitations on the investment activities described in the Fund Documents.

Under certain circumstances, we may contract with a client to adhere to limited risk and/or operating guidelines imposed by the client. We negotiate such arrangements on a case-by-case basis.

As of December 31, 2022, we had \$182.1 million regulatory assets under management on a discretionary basis .

Item 5 - Fees and Compensation

The extent to and specific manner in which our clients are responsible for fees, performance-based compensation and/or expenses are set forth in each client’s applicable written agreement with us (and, in the case of clients that are private investment funds, in the Fund Documents for such funds).

In general, we deduct our management fees from the Funds quarterly in advance, at a rate of one percent (1.0%) for “founders class” investors and one and one-half percent (1.5%) for other investors per annum of the net asset value of the Funds. We generally receive performance-based fees or allocations from the Funds on an annual basis and upon the distribution of capital (such as a withdrawal by a Fund investor), at rates of ten percent (10%) for “founders class” investors and seventeen percent (17%) for other investors per annum of the increase in net asset value of the Funds, subject to a high water mark.

Unless provided otherwise in the applicable Fund Documents, clients that are private investment funds generally bear all costs and expenses associated with their operations, including, without limitation: (i) expenses related to the research, execution and monitoring of actual and prospective investments (whether or not consummated) and the consummation of investments, including, without limitation, the following: third-party investment sourcing fees; consulting fees; expert fees; fees and expenses of and related to obtaining research, analytics and market data (including, without limitation, third-party data sources and any information technology hardware, software and data subscriptions (such as Bloomberg and FactSet) or other technology incorporated into the cost of obtaining such research and market data); due diligence expenses including, without limitation, consulting and appraisal fees; investment- and research-related travel expenses (consistent with the Adviser’s travel policy); any outsourced trading provider fees; brokerage and prime brokerage fees, commissions and expenses (including the costs of negotiating, documenting and/or amending agreements with prime brokers, ISDAs and other agreements with trading and financing counterparties); expenses relating to borrowing securities to be sold short; clearing and settlement charges; custodial fees and expenses; bank service fees; interest expenses and other borrowing costs; fees and expenses of proxy research and voting services; broken deal expenses; fees and expenses of third-party professionals, including, without limitation, consultants, investment bankers, attorneys, accountants and service providers who, in each case, provide services to the funds or provide services to the Adviser, the General Partner or the principals of the foregoing (on matters that would not have arisen but for their respective advisory relationships with the funds); and expenses relating to engagement with a company irrespective of the outcome of such engagement, such as shareholder and management communication, soliciting proxies, hiring proxy advisory consultants, hosting shareholder forums, hiring public relations consultants and proposing or nominating directors or executives, including sourcing, recruiting, standby and indemnification and other expenses, regardless of whether the nomination is successful; (ii) organizational fees and expenses and fees and expenses incurred in connection with the offering and sale of the Interests, including, without limitation, the draft and preparation of the funds’ Fund Documents; and fees and expenses of the Adviser incurred in connection with “world sky” matters and private placement regimes, including the European Alternative Investment Fund Managers Directive, and Form D and blue sky and similar fees and expenses; (iii) operational expenses, including, without limitation, the following: fees and expenses relating to information technology hardware, software or other technology (including, without limitation, costs of software licensing, implementation, data management and recovery services and custom development) used to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions, facilitate compliance with the rules of any self-regulatory organization or applicable law (including, without

limitation, reporting obligations) in connection with the activities of the Funds, and facilitate and manage the order execution of securities or otherwise manage the Funds (such as portfolio management systems and order management systems); fees and expenses of third-party risk management products, models and services; third-party administrative fees and expenses, including fees and expenses of the fund administrator and any middle and/or back office service provider; fees and expenses of third-party professionals, including, without limitation, consultants, valuation service providers, attorneys, accountants and tax preparers; third-party audit and tax preparation expenses; insurance expenses, including, without limitation, premiums for cybersecurity insurance and liability insurance (including directors and officers liability insurance and errors and omission insurance) covering the funds, the Adviser, the General Partner and the principals, officers, employees, managers, partners, members, affiliates or agents of any of the foregoing, and the directors of the Offshore Feeder Fund (and/or any other non-U.S. client) (in each case, even if such insurance covers conduct for which indemnity would not be available from the funds); fees and expenses associated with director meetings and meetings of the fund investor as a whole, including, without limitation, expenses related to the organization and conduct of such meetings (including, without limitation, travel, lodging and meal expenses), and director fees (including registration fees); costs of preparing and distributing reports and notices to fund investors (including the development, implementation and maintenance of an investor electronic delivery site and/or system); entity-level taxes; fees and expenses related to compliance with applicable law and regulations in connection with the activities of the funds, including, without limitation, any governmental, regulatory, licensing, filing, reporting or registration expenses, fees or taxes (including, without limitation, fees and expenses incurred in connection with the preparation and filing of Form PF, Section 13 filings, Section 16 filings and other similar regulatory filings for the funds or the Adviser, the General Partner or the principals of the foregoing on matters that would not have arisen but for their respective advisory relationships with the funds, and any filings or reporting with respect to compliance with FATCA, AEOI (each as defined in the Fund Documents, as applicable) or similar laws enacted in other jurisdictions, as well as any foreign tax regime registrations, tax filings and associated annual fees and expenses); and any fees and expenses related to compliance with anti-money laundering laws and regulations applicable to the funds (including AML officer fees and expenses); and (iv) extraordinary expenses, including, without limitation, the following: the costs of any litigation or investigation involving the activities of the Funds (including attorney's fees and investigative fees and expenses); the cost of settlements and indemnification expenses (including advances thereof) (for clarity, the Adviser and the General Partner are authorized to commit the funds to potential indemnity obligations towards certain counterparties entering into agreements with the funds for the provisions of services and otherwise); fees and expenses incurred in connection with any tax audit by any U.S. federal, state or local authority, including, without limitation, any related administrative settlement and judicial review; and fees and expenses incurred in connection with the reorganization, restructuring, termination, winding-up or dissolution of any of the funds.

The fees, performance-based compensation and/or expenses that are charged to any clients other than the Funds that we may manage are negotiated on a case-by-case basis. Clients other than the Funds, such as separately managed accounts that we manage, will have management fee, performance-based compensation and/or expense arrangements that

differ in one or more respects from those applicable to the Funds.

Management fees, performance-based compensation and/or expenses may be reduced or waived in certain circumstances, including, without limitation, with respect to investments in Funds by our personnel and/or other related persons. Our clients currently pay our management fees in advance. Management fees and performance-based fees or allocations are generally not refundable, including upon the termination of the advisory contract.

To the extent that we incur any expenses for the benefit of multiple clients, we generally will allocate such expenses in any manner that we deem equitable, taking into account our written agreements with such clients (and, if applicable, Fund Documents in the case of clients that are Funds) and applicable facts and circumstances, including the relative size of the applicable entity or account, the nature or source of the product or service and the benefits derived from and the extent of use of the product or services. Nonetheless, the portion of an expense that we allocate to a client for a particular product or service might not reflect the relative benefit derived by such client from that product or service in any particular instance. Furthermore, it is possible that under some of our advisory contracts we may not require a client to incur certain expenses, despite the fact that such client will receive a benefit in connection with our incurrence of such expenses. In such an event, our other clients may bear the additional share of any such expenses that would have been allocable to the client that is not required to incur such expenses. Our expense allocations often depend on inherently subjective determinations, but the expense allocations made by us will be in good faith. There may be situations in which the appropriate allocation of expenses in the course of evaluating potential investments may not be clear (for example, if a client and one or more other clients considered making an investment that was not consummated). Expenses will typically be allocated among the clients participating in the relevant investment or potential investment, except to the extent stated otherwise in the applicable client agreement or Fund Documents. However, in all cases, subject to applicable legal, regulatory, contractual or similar restrictions, we will make expense allocation decisions in our sole discretion in good faith.

We may allocate a portion of certain clients' capital to money market funds, exchange-traded funds or similar fee-bearing products, or private investment funds and accounts, that are managed by other investment managers. In that case, such client accounts generally would be responsible for paying any and all fees, performance-based compensation and expenses associated with such products, which would be in addition to those discussed above.

The Adviser and its personnel generally can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of clients and client portfolio investments, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as a client expense typically result in cash rebates, "miles," "points" or credit in loyalty/status programs, and such benefits and/or amounts will exclusively benefit the Adviser and/or such personnel even though the cost of the underlying service is borne by clients. The value of such benefits and perquisites will neither be subject to an offset against fees or expenses payable by clients nor will they otherwise be shared with clients and/or portfolio investments.

For a summary of our brokerage practices, see Item 12 below.

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

As generally described above in Item 5, our clients pay management fees. In addition, we are entitled to receive performance-based compensation (which is based on a percentage of the capital appreciation of client assets or the return on invested capital) from clients. Performance-based compensation may take the form of a performance allocation, performance fee, carried interest or other payment, and typically is subject to a high-water mark. Clients and Fund investors are provided with detailed disclosure in their written agreements with us and the applicable Fund Documents for such Fund, as applicable, as to how the relevant performance-based compensation is calculated and charged. Performance-based compensation will conform to Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), to the extent applicable.

The terms of the compensation that we receive may differ among the client accounts that we advise. This may result in a conflict of interest when we allocate opportunities among these accounts because we will have an incentive to favor an account from which we are entitled to receive greater compensation over other accounts. To avoid such a conflict of interest we generally follow documented procedures in allocating opportunities among such accounts, which do not take into account the compensation to which such accounts are subject.

We generally allocate investment opportunities so that each security held by the accounts that we manage following a substantially similar investment strategy is held on a pari passu basis. In certain circumstances, we may allocate securities among client accounts on a different basis. In such cases, the factors that we may consider when determining which securities to allocate to each client account include (but are not limited to): the relative amounts of capital in each client’s account available for new positions of the type at issue; the mandate of each client account; our perception of the appropriate risk/reward ratio for each client account; the intended objective and strategy of each client account and any applicable investment or risk targets, restrictions or guidelines; the liquidity of each client account at the time of investment and thereafter; the ability to add positions to a client account on a leveraged basis; liquidity of the security; market capitalization and/or enterprise value of the underlying credit; whether the position is an “odd lot”; whether certain accounts would receive nominal or de minimis allocation amounts; transaction costs; position size; industry exposure; market exposure; gross, net, long and short exposure; applicable legal, tax and regulatory considerations; the overall portfolio composition of each client account; and such other considerations that we determine to be relevant at such time. New issues (as defined by FINRA Rule 5130) are generally allocated to client accounts in accordance with the criteria set forth above to the extent that such accounts are eligible to participate in new issues.

Notwithstanding the foregoing, there can be no assurance that certain allocation decisions will not directly or indirectly adversely affect our clients, even if such decisions are made in good faith. Allocations are subject to a significant degree of discretion exercised by us, including, but not limited to, in connection with portfolio rebalancing, investing in new,

different or additional investment strategies and in connection with admissions and withdrawals of investors to and from the private investment funds that we manage. Even allocations designed to mitigate conflicts do not eliminate the possibility that an allocation of assets will not adversely affect our clients.

We will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to, a client solely because we purchase or sell the same security for, enters into a transaction on behalf of, or provides an opportunity to, another client if, in our reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practicable or desirable for such other client.

Our personnel and/or other related persons may invest in one or more of our clients. In such case, we may have an incentive to favor client(s) in which they have a greater economic interest and/or may have a conflict of interest in allocating investment opportunities among those client accounts and other client accounts. In order to mitigate these potential conflicts, we will generally follow the documented procedures referenced above.

Management fees and performance-based compensation are based on the net asset value of client accounts. In most circumstances, the valuations of client assets will be based on independent market quotations from relevant counterparties, but obtaining such valuations is not required in each instance. In making valuation determinations, we may be deemed subject to a conflict of interest, especially with respect to securities or other financial instruments which are not traded on an organized or liquid market, as the valuation of such assets and liabilities affects our compensation and the compensation of our affiliates. There is no guarantee that the value determined with respect to a particular client asset or liability by us will represent the value that will be realized by such client on the eventual disposition of the related investment or that would, in fact, be realized upon an immediate disposition of the investment, and the difference between such value and the ultimate disposition price could be material. To the extent we are responsible for valuing a client's assets, we will follow our documented valuation policies in order to mitigate these risks.

Since the amount of fees paid/allocations made to us is dependent in part on the profitability of the applicable client, we may have an incentive to cause clients to make investments that are riskier or more speculative than would be the case if such fees/allocations were not dependent on clients' net asset value and profitability. We recognize that we have a fiduciary duty and as such must act in the best interests of our clients.

Clients and investors in the Funds are urged to review their applicable investment management agreements and/or Fund Documents for information regarding the specific fees, performance-based compensation and expenses applicable to them.

Item 7 - Types of Clients

We provide investment advice to clients that are private investment funds and institutional investors. Investors in the private investment funds generally must qualify as "accredited investors" (as defined in Rule 501 under the Securities Act of 1933, as amended) and

“qualified clients” (as defined in Rule 205-3 of the Advisers Act), and may be subject to other suitability requirements to the extent provided in the applicable Fund Documents. We may provide investment advice to other types of clients in the future.

The minimum initial investment in the Funds is \$1,000,000, subject to the Funds’ discretion to accept lesser amounts. We will determine the minimum investment amount (and any other conditions for opening and maintaining an account) for other clients, such as separately managed accounts, on a case-by-case basis.

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

We seek to generate superior risk-adjusted returns by investing primarily in bank credit-related instruments (i.e., the four levels of securities banks issue across a dynamic capital stack), including senior bank securities, covered bond securities, senior holding company securities, tier two securities and preferred/additional tier 1 securities. Additionally, we may invest in bank credit-related instruments rated below investment grade or those deemed equivalent, commonly referred to as “junk bonds.”

Generally, we will hold securities, long or short, with at least one rating from any of Moody’s / S&P / Fitch. We also may gain both long and short exposure to such credit-related instruments by entering into a series of purchase and sale contracts or by investing in, among other instruments, swaps, including total return, credit default, index and interest rate swaps; options; forward contracts; futures contracts and options on futures contracts that provide long or short exposure to other credit obligations; credit-linked notes that provide long or short exposure to other credit obligations; repurchase agreements; reverse repurchase agreements; dollar rolls; and exchange-traded funds.

The development of an investment strategy for each of our clients is an ongoing process. The strategies, techniques and methods described above will therefore be modified by us from time to time and over time. There is no limitation on the investment strategies, techniques, methods or processes which we may adopt for any particular client or the factors that we may take into account in analyzing investments for our clients. Depending on conditions and trends in securities markets and the economy generally, we may pursue other objectives, or employ other strategies, techniques, methods or processes, that we consider appropriate and in the best interest of our clients, without notice to them or their consent, except to the extent that our written agreement with a client may provide otherwise.

The above description of our investment strategies, techniques, methods and processes is intended only as a general overview, and is subject to the specific terms of our written agreements with clients.

Risk of Loss

A brief summary of the material risks involved with our significant investment strategies and methods of analysis follows. An investment in a private investment fund and/or separately managed account involves substantial risks, and prospective investors should carefully consider, among other factors, the risks described below. These risk factors are

not intended to be an exhaustive listing of all potential risks associated with such an investment. Investors are urged to review the written agreement or Fund Documents applicable to their investment for additional information concerning the risks applicable to them. Investing in securities involves risk of loss that clients and investors should be prepared to bear.

General Investment and Trading Risks. All securities investments present a risk of loss of capital. Volatile financial markets increase that risk. If our evaluation of an investment opportunity should prove incorrect, our clients could experience losses. No guarantee or representation is made that our clients' investment programs will be successful, that clients will achieve their targeted returns or that there will be any return of capital invested to investors. In addition, investment results may vary substantially over time.

Fixed Income Securities. The Adviser will trade in bonds and may trade in other fixed income securities of U.S. and non-U.S. issuers on behalf of clients, including, without limitation, bonds, notes and debentures issued by financial institutions, corporations, or debt securities issued or guaranteed by a sovereign government or one of its agencies or instrumentalities. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities will change in response to fluctuations in interest rates. In addition, the value of certain fixed income securities can fluctuate in response to perceptions of credit worthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk).

The Adviser may trade in fixed-income securities on behalf of clients which are not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for foreign debt involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparisons across countries difficult.

"High Yield" Securities. The Adviser will invest in "higher yielding" (and, therefore, higher risk) debt securities on behalf of clients. Such securities are generally considered to be below "investment grade" and face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. In certain periods, there may be little or no liquidity in markets for these securities. Furthermore, it is likely that a major economic recession or financial crisis could have a materially adverse impact on the value of such securities. High yield securities have historically experienced greater default rates than has been the case for investment grade securities. The market values of certain of these lower rated debt securities tend to reflect individual corporate developments to a greater extent than do higher rated securities, which react primarily to fluctuations in the general level of interest rates. The markets for high yield securities tend to be more volatile, less liquid and less active than those for higher-rated securities, which can adversely affect the price at which these securities can be sold and may make it impractical or impossible to sell such securities at times of market dislocation. In addition, adverse publicity and investor perceptions,

whether or not based on fundamental analysis, may also decrease the value and liquidity of these securities.

Leverage. The Adviser intends to use leverage as part of the clients' investment program and the amount of leverage which a client may have outstanding at any time may be substantial in relation to its capital. Leverage may be obtained by borrowing funds to make trades or by purchasing or entering into derivative instruments that are inherently leveraged, such as swaps, options, futures and forward contracts.

If the interest expense on borrowings were to exceed the net return on the positions acquired with borrowed funds, a client's use of leverage would result in a lower rate of return than if a client were not leveraged. If the amount of borrowings which a client may have outstanding at any one time is large in relation to its capital, fluctuations in the market value of a client's portfolio will have a disproportionately large effect in relation to its capital and the possibilities for profit and the risk of loss will therefore be increased. Any gains made with the additional monies borrowed will generally cause the value of a client's assets to rise more rapidly than would otherwise be the case. Conversely, if the investment performance of the additional monies fails to cover their cost to such client, the value of the client's assets will generally decline faster than would otherwise be the case. The amount of any borrowing may also be limited by regulations imposed by the Federal Reserve Board or by the availability and cost of credit, as well as due to overall market conditions. If, due to market fluctuations or other reasons, the value of a client's assets should fall below required regulatory or counterparty imposed levels, such client will be required to reduce its debt by selling securities in its long portfolio. The client may also be unable to carry-out its investment program if it is not able to obtain leverage on reasonable terms.

In the case of derivative instruments, because many derivatives are "leveraged," such instruments provide significantly more market exposure than the money paid or deposited when the transaction is entered into and, thus, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose a client to the possibility of a loss exceeding the original amount invested.

In addition, in transactions involving derivative instruments, counterparties and lenders will likely require a client to post collateral to support its obligations. Should the securities and other assets pledged as collateral decline in value, or should brokers increase their maintenance margin requirements (i.e., reduce the percentage of a position that can be financed), a client could be subject to a "margin call" pursuant to which it must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged assets to compensate for the decline in value. In the event of a precipitous drop in the value of pledged securities, a client might not be able to liquidate assets quickly enough to pay off the margin debt or provide additional collateral and may suffer mandatory liquidation of positions in a declining market at relatively low prices, thereby incurring substantial losses. Furthermore, secured counterparties and lenders will generally have the right to sell, pledge, rehypothecate, assign, use or otherwise dispose of collateral posted by a client. This could increase exposure to the risk of a counterparty default since, under such

circumstances, a client may be unable to recover the posted collateral promptly or may be unable to recover all of the posted collateral.

The Adviser may engage in the trading of options on futures for the account of a client, typically for hedging purposes. If the Adviser, on behalf of a client, buys an option (either to sell or buy a futures contract or commodity), the client will be required to pay a “premium” representing the market value of the option. Unless the price of the futures contract or commodity underlying the option changes and it becomes profitable to exercise or offset the option before it expires, a client may lose the entire amount of the premium.

Hedging Transactions. The Adviser will utilize financial instruments, both for investment purposes and for risk management purposes in order (i) to protect against possible changes in the market value of a client’s portfolio resulting from fluctuations in the securities markets and changes in interest rates, (ii) to protect the client’s unrealized gains in the value of the client’s portfolio, (iii) to facilitate the sale of any such investments, (iv) to enhance or preserve returns, spreads or gains on any investment in the client’s portfolio, (v) to protect against any increase in the price of any securities the client anticipates purchasing at a later date, or (vi) for any other reason that the Adviser deems appropriate.

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

Risk of Default or Bankruptcy of Third Parties. The Adviser will engage in transactions on behalf of clients in securities and financial instruments that involve counterparties. Under certain conditions, a client could suffer losses if a counterparty to a transaction were to default or if the market for certain securities and/or financial instruments were to become illiquid. In addition, a client could suffer losses if there were a default or bankruptcy by certain other third parties, including brokerage firms and banks with which the client does business, or to which securities have been entrusted for custodial purposes. For example, if one of the client’s prime brokers or custodians were to become insolvent or file for bankruptcy, the client could suffer significant losses with respect to any securities held by such firm.

Additionally, under CFTC regulations, “futures commission merchants” (“FCMs”), such as the client’s prime brokers, are required to maintain customers’ assets in a segregated account. If the client’s FCM fails to do so, under certain circumstances, such as the inability of another customer of the FCM or the FCM itself to satisfy substantial deficiencies in the other customer’s account, the client may be subject to a risk of loss of its assets on deposit with such prime broker. In the case of any bankruptcy or customer loss, the client might recover, even with respect to property specifically traceable to the client, only a pro rata share of all property available for distribution to all of the FCM’s customers.

Counterparty Risk. Some of the markets in which the Adviser effects transactions on behalf of its clients are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. This exposes clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing a client to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the client has concentrated its transactions with a single or small group of counterparties. The Adviser is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. The ability of the Adviser to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the client.

The Adviser’s investment strategy requires use of transactions that expose a client to the credit of its counterparties, and vice versa. For example, a client will seek to borrow securities intending to sell them short and may enter into long and short derivative positions. All of these transactions, and transactions similar to them, are governed by documents, industry standards, market customs and practices, the parties’ prior course of dealing and by the covenant of good faith and fair dealing. At times, and especially in times of market stress, these credit exposures may come under stress, normal business conduct may be interrupted and normal legal protections may prove inadequate or may fail to provide timely relief. Should it become necessary to remove or reduce exposure to a particular counterparty, there can be no guarantee that a satisfactory alternative will be available, or even if one is available, that a client will be able to avail itself of that alternative. As a consequence, it is possible that any unwinding of the credit exposure may prove costly and thereby damage the client.

Price Risk. For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the securities in which the Adviser invests may decline or rise substantially. In particular, purchasing assets at prices that may appear to be “undervalued” is no guarantee that such assets will not be trading at even more “undervalued” levels at the time of valuation or at the time of sale. Similarly, shorting assets at prices that may appear to be “overvalued” is no guarantee that

such assets will not be trading at even more “overvalued” levels at the time of valuation or at the time of sale

Exchange Traded Funds (“ETFs”). The Adviser will trade in ETFs on behalf of its clients. ETFs are generally structured to invest in all or a representative sample of the securities that generally replicate the price and yield performance of an underlying market index or sector such as a broad stock market, industry sector, domestic or international equity or fixed income, or U.S. or foreign government bond. ETF shares are traded on stock exchanges and markets at open market prices that generally track the net asset value per share of the ETF. Direct issuances and redemption of ETF shares at the ETF’s net asset value per share only occur in large blocks (or creation units) transacted between the ETF and authorized institutional purchasers on an in-kind basis. An exchange traded sector fund may be adversely affected by the performance of that specific sector or group of industries on which it is based. International investments may involve risk of capital loss from unfavorable fluctuations in currency values, differences in generally accepted accounting principles, or economic and/or political instability in other nations and/or other factors. Although index-based ETFs are designed to provide investment results that generally correspond to the price and yield performance of their respective underlying indices, ETFs may not be able to replicate exactly the performance of the indices because of their expenses and other factors. ETF shares may trade at either a discount or premium to their underlying net asset value. The purchase or sale of ETF shares on the secondary market involves the payment of brokerage commissions, and the purchase and redemption of creation units involves other transaction costs and brokerage commissions. Investors in ETFs also directly bear the ETF’s costs associated with its payment of investment management fees and fees for administrative, custodial or other services and thus client investors will indirectly incur an additional layer of fees and expenses.

Index or Index Options. The value of an index or index option fluctuates with changes in the market values of the securities included in the index. Because the value of an index or index option depends upon movements in the level of the index rather than the price of a particular security, whether a client will realize appreciation or depreciation from the purchase or writing of options on indices depends upon movements in the level of instrument prices in the security market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular securities.

Swaps. The Adviser will trade swaps on behalf of its clients. Swap agreements and options on swap agreements (“swaptions”) can be individually negotiated and structured to include exposure to a variety of different types of investments, asset classes or market factors. Whether a client’s use of swap agreements or swaptions will be successful will depend, in part, on the Adviser’s ability to select appropriate transactions for the client. Depending on their structure, swap agreements may increase or decrease the holder’s exposure to, for example, equity securities, long-term or short-term interest rates, non-U.S. currency values, credit spreads or other factors. Swap agreements can take many different forms and are known by a variety of names. Swap transactions may be highly illiquid and may increase or decrease the volatility of a client’s portfolio. Moreover, a client bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. The client will also bear the risk of loss related to swap

agreements, for example, for breaches of such agreements or the failure of the client to post or maintain required collateral. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the client's ability to terminate swap transactions or to realize amounts to be received under such transactions.

Credit Default Swaps. The Adviser will purchase and sell credit derivatives contracts – primarily credit default swaps – both for hedging and other purposes on behalf of its clients. The typical credit default contract requires the seller to pay to the buyer, in the event that a particular reference entity experiences specified credit events, the difference between the notional amount of the contract and the value of a portfolio of securities issued by the reference entity that the buyer delivers to the seller. In return, the buyer agrees to make periodic payments equal to a fixed percentage of the notional amount of the contract. In addition, the parties may be required to post collateral to secure their obligations, which can reduce the amount of collateral or funds available for other purposes.

The Adviser will also purchase and sell credit default swaps, on behalf of its clients, on a basket of reference entities as part of a synthetic collateralized debt obligation transaction.

As a buyer of credit default swaps, the client is subject to certain risks. In circumstances in which the client does not own the debt securities that are deliverable under a credit default swap, the client is exposed to the risk that deliverable securities will not be available in the market, or will be available only at unfavorable prices, as would be the case in a so-called “short squeeze.” In certain instances of issuer defaults or restructurings, it has been unclear under the standard industry documentation for credit default swaps whether or not a “credit event” triggering the seller's payment obligation had occurred. In either of these cases, the client would not be able to realize the full value of the credit default swap upon a default by the reference entity.

As a seller of credit default swaps, a client incurs leveraged exposure to the credit of the reference entity and is subject to many of the same risks it would incur if it were holding debt securities issued by the reference entity. However, the client will not have any legal recourse against the reference entity and will not benefit from any collateral securing the reference entity's debt obligations. In addition, the credit default swap buyer will have broad discretion to select which of the reference entity's debt obligations to deliver to the client following a credit event and will likely choose the obligations with the lowest market value in order to maximize the payment obligations of the client.

Capital Structure Arbitrage. The Adviser will invest based on capital structure arbitrage strategies on behalf of its clients. The success of any such strategies will depend on our ability to identify and exploit inefficiencies in the pricing of credit risk within a company's or sovereign's capital structure. Identification and exploitation of market opportunities involve uncertainty. There can be no assurance that the Adviser will be able to locate investment opportunities or to correctly exploit price discrepancies. A reduction in the pricing efficiency of the markets in which a client will seek to invest will reduce the scope for a client's involvement in these strategies. In the event that the perceived mispricings underlying a client's positions fail to materialize, these strategies could be unsuccessful or result in losses.

Changes in Investment Strategy. We have considerable discretion in choosing the securities that may be acquired and have the right to modify the investment strategy, selection criteria, or hedging techniques used by a client without the consent of the client, unless provided otherwise in our written agreement with such client. Any of these new investment techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings, which could result in unsuccessful investments and, ultimately, losses to clients. In addition, any new investment strategy or hedging technique developed may be more speculative than earlier techniques and may increase the risk of loss by clients.

Changes and Uncertainty in U.S. and International Regulation. Clients may be adversely affected by uncertainties such as international and domestic political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and other developments in the laws and regulations of the countries to which a client's assets are exposed through their investments or investor base. During this period of uncertainty, market participants may react quickly to unconfirmed reports or information and as a result there may be increased market volatility. This unpredictability could cause the Adviser to alter investment and trading plans, including the holding period of positions and the nature of instruments used to achieve a client's investment objectives.

In the United States, the Adviser and its clients may be adversely affected as a result of new or revised legislation or regulations imposed by the SEC, the Financial Stability Oversight Council, and other U.S. governmental regulatory authorities or self-regulatory organizations that supervise the financial markets. In addition, the securities and futures markets are subject to comprehensive statutes and regulations, including margin requirements. Regulators and self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and the rules promulgated thereunder could result in a client and the Adviser becoming subject to additional regulatory compliance burdens and trade reporting, which may add significant costs to a client. The Dodd-Frank Act endows the SEC, the CFTC, and other regulators with discretionary authority to write and interpret new rules. The ultimate impact of the Dodd-Frank Act on a client and the Adviser is unclear and will depend in large part on the regulations that the CFTC and SEC promulgate, as well as any legislative changes that may be made. There is speculation that some of the provisions of the Dodd-Frank Act and rules and regulations promulgated thereunder may be revised, repealed or amended. The impact of any such changes is unknown.

Market Disruption Events and Geopolitical Risks. We may on behalf of our clients trade in different markets and different kinds of instrument types. It is possible that as a result of war, terrorist act, natural disaster, outbreak of infectious disease, epidemic, pandemic or other serious public health concern, or geopolitical or other extraordinary or unforeseen circumstance or event (a "Market Disruption Event"), one or more of these markets may cease operating for a limited or indeterminable period of time. In that event, it may be difficult for the Adviser to value the positions that trade in the affected markets, and a client may be exposed to significant movements in the perceived value of instruments without

having the ability to trade those instruments.

Additionally, Market Disruption Events may have a substantial effect on economies and securities markets in the United States or worldwide, and could materially adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the value of a client's investments. Market Disruption Events could also affect the principal prime brokers and custodians that carry and clear a client's trades and positions. The inability of key marketplace intermediaries to function could have an adverse impact upon liquidity as well as the ability of a client to trade its positions. Market Disruption Events could also have a direct physical impact upon a client's and/or the Adviser's operations, including the destruction of their facilities and/or incapacity or loss of life to key personnel.

While the Adviser has taken steps intended to mitigate the adverse consequences that could arise from the occurrence of a Market Disruption Event, the inability to predict the timing, location, source and severity of such event or events make it difficult to provide assurances that a client would not suffer material adverse consequences should a Market Disruption Event occur.

Business Continuity. Various force majeure events, including acts of God, natural disasters like fire, flood or earthquakes, wars, terrorist acts, outbreaks of infectious disease, epidemics, pandemics or other serious public health concerns, cyber-attacks, technology and/or power failures, labor strikes, or geopolitical or other extraordinary, or other unforeseen circumstances or events, may materially disrupt the Adviser's business and operations, or the business and operations of any counterparty or service provider to the Adviser or a client, and a client may be adversely affected thereby. For example, if a significant number of the Adviser's personnel were to be unavailable in a force majeure event (such as war, terror attack or an outbreak of infectious disease), the Adviser's ability to effectively conduct a client's business could be severely compromised. In addition, the cost to a client, the Adviser or its affiliates of repairing or replacing damaged assets or systems resulting from such force majeure event could be considerable. While the Adviser has adopted certain policies and procedures designed to restore and/or continue its business and operations in such situations, there is no guarantee that such policies and procedures will be effective in any of such situations or will be implemented in time, and a client may be adversely affected thereby.

Coronavirus and Global Health Events. Epidemics, pandemics and other widespread public health problems could adversely affect a client's performance. For example, in late 2019, a novel virus started causing a disease ("COVID-19") with severe acute respiratory syndromes in humans, at times with serious health complications that sometimes result in death. What began as a local outbreak in Wuhan, China, spread globally over the course of weeks, stressing advanced healthcare systems of Western countries and resulting in financial disruptions of an extent that remains unclear. On March 11, 2020, the World Health Organization assessed that the outbreak can be characterized as a pandemic. Many countries have been imposing increasingly stringent restrictions on travel and strict measures of social distancing.

As the final impact on global markets from COVID-19, or future epidemics, pandemics or other health crisis, is impossible to predict, the extent to which any such crisis may negatively affect a client's performance or the duration of any potential business disruption is uncertain. Precautions or restrictions imposed by governmental authorities and public health departments related to this pandemic have resulted in and are expected to continue to result in indeterminate periods of decreased economic activity throughout the U.S. and globally, including reduced or ceased business operations, decline in international trade and shortages of supplies, goods and services. An outbreak such as COVID-19, and the reactions to such an outbreak have caused and are expected to continue to cause uncertainty in the markets and businesses and have adversely affected and are expected to continue to adversely affect the performance of the U.S. and global economy, including due to market volatility, market and business uncertainty and closures, supply chain and travel interruptions, the need for employees to work at external locations and extensive medical absences among the workforce. As a reaction to such an outbreak, governmental fiscal and economic measures have led, and will likely continue to lead to an increase in spending and other forms of financial stimuli, and it is difficult to predict what effect such measures will have on the U.S. and the global economy. Although vaccines for COVID-19 have started to be distributed, it is impossible to predict when or whether the disruptions caused by the COVID-19 pandemic will end.

The impact that pandemics and other public health events have on the performance of a client in particular is uncertain, and it will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of the coronavirus or other health crisis, and the actions taken by authorities and other entities to contain such crisis or treat its impact, particularly in the United States, all of which are beyond the Adviser's control.

Russia Disruption Risk. In late February 2022, Russia launched a large scale military attack on Ukraine. The invasion significantly amplified already existing geopolitical tensions among Russia, Ukraine, Europe, and NATO countries generally, including the United States. In response to the military action by Russia, various countries, including the United States, the United Kingdom, and European Union issued broad-ranging economic sanctions against Russia. Such sanctions included, among other things, a prohibition on doing business with certain Russian companies, large financial institutions, officials and oligarchs; a commitment by certain countries and the European Union to remove selected Russian banks from the Society for Worldwide Interbank Financial Telecommunications (or SWIFT), the electronic banking network that connects banks globally; and restrictive measures to prevent the Russian Central Bank from undermining the impact of the sanctions. Additional sanctions may be imposed in the future. Such sanctions (and any future sanctions) and other actions against Russia have, and may in the future continue to, adversely impact, among other things, the Russian economy and various sectors of the economy, including but not limited to, financials, energy, metals and mining, engineering and defense and defense-related materials sectors; result in a decline in the value and liquidity of Russian securities; result in boycotts, tariffs, and purchasing and financing restrictions on Russia's government, companies and certain individuals; weaken the value of the ruble; downgrade the country's credit rating; freeze Russian securities and/or funds invested in prohibited assets and impair the ability to trade in Russian

securities and/or other assets; and have other adverse consequences on the Russian government, economy, companies and region. Further, several large corporations and U.S. states have announced, and some have executed, plans to divest interests or otherwise curtail business dealings with certain Russian businesses.

The ramifications of the hostilities and sanctions, however, may not be limited to Russia and Russian companies but may spill over to and negatively impact other regional and global economic markets of the world (including Europe and the United States), companies in other countries (particularly those that have done business with Russia) and on various sectors, industries and markets for securities and commodities globally, such as oil and natural gas. Accordingly, the actions discussed above and the potential for a wider conflict could increase financial market volatility, cause severe negative effects on regional and global economic markets, industries, and companies and have a negative effect on the clients' investments and performance beyond any direct exposure to Russian issuers or those of adjoining geographic regions. In addition, Russia may take retaliatory actions and other countermeasures, including cyberattacks and espionage against other countries and companies in the World, which may negatively impact such countries and the companies in which a client may invest. Accordingly, there may be heightened risk of cyberattacks which may result in, among other things, disruptions in the functioning and operations of industries or companies around the world, including in the United States and Europe.

The extent and duration of the military action or future escalation of such hostilities, the extent and impact of existing and future sanctions, market disruptions and volatility, and the result of any diplomatic negotiations cannot be predicted. These and any related events could have a significant impact on a client's performance.

Item 9 - Disciplinary Information

There have been no legal or disciplinary events that would be material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Item 10 - Other Financial Industry Activities and Affiliations

As described above in Item 4, the Adviser and the General Partners are principally owned by Justin D'Ercole and Paul Feidelson.

We and our affiliates are subject, and each of us and our clients are exposed, to a number of actual and potential conflicts of interest. Any such conflict of interest could have a material adverse effect on our clients (and on investors in the Funds). However, the existence of an actual or potential conflict of interest does not mean that it will be acted upon to the detriment of any client. When a conflict of interest arises, we will endeavor to ensure that the conflict is resolved fairly and in an equitable manner that is consistent with our fiduciary duties to the relevant client(s). We have in place policies and procedures that we believe are reasonably designed to identify and resolve actual and potential conflicts of interest. However, there can be no assurance that these policies and procedures will be successful in identifying or mitigating all actual or potential conflicts of interest.

Our management of clients may result in conflicts of interests when we and our related

persons allocate time and investment opportunities among our clients (including clients in which we or our related persons may be invested). In addition, terms regarding fees and performance-based compensation may differ among our clients. This may result in a conflict of interest when we allocate opportunities among our clients because we have an incentive to favor clients that have higher fee and/or performance-based compensation arrangements as well as clients in which we or our related persons have invested. To avoid such conflicts of interest we generally follow documented procedures in allocating opportunities among such accounts, which do not take into account the fees or performance-based compensation to which such clients are subject or the investment in such clients by us or our related persons.

The Adviser, the General Partner, and their principals and affiliates may determine, in their sole discretion, to participate in investments with persons not affiliated with our clients. In addition, we may offer to certain clients, or to any third party, the opportunity to co-invest in opportunities in which a client has invested or that become available to a client. We may offer such opportunities to investors that we select in our sole discretion without notice to or the consent of any other client or investor. The economic and other terms of any co-investment will be determined by us in our discretion on a case-by-case basis, and we may receive fees and/or allocations from co-investors, which may differ among co-investors and also may differ from the fees and/or allocations borne by our clients (or investors in the Funds).

Certain advisors and other service providers, or their affiliates, to our clients may also provide services to or have business, personal, familial, political, financial or other relationships with us or our affiliates. Such advisors and service providers may be our clients or investors in the Funds, sources of investment opportunities for us or our clients, or co-investors with or counterparties to transactions involving the foregoing. These relationships may influence us in deciding whether to select or recommend any such advisor or service provider to perform services for our clients (the cost of which will generally be borne directly or indirectly by such clients). Notwithstanding the foregoing, we will generally seek to engage advisors and service providers for our clients on the basis of, without limitation, the overall quality of advice and other services provided.

In addition, we have a conflict of interest where a service provider (e.g., legal counsel or accountants) provides services directly to us or one of our affiliates, and separately provides services to one or more clients, in that we or our affiliates may potentially obtain services at a lower cost (or obtain other terms that are more beneficial) than we or our affiliates otherwise could have as a result of the service provider's work performed on behalf of, and the compensation paid to the service provider by, such clients. In particular, unless inconsistent with our applicable written client agreement, costs associated with services rendered to the benefit of a client may be borne by such client. We and our affiliates may use some of the same service providers as are retained on behalf of one or more clients and, in some cases, fee rates, amounts or discounts may be offered to us and our affiliates by a third-party service provider which differ from those offered to a client as a result of scheduled or ad hoc rate changes, differences in the scope, type or nature of the service or transaction, alternative fee arrangements and negotiation.

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

We have adopted a Code of Ethics (the “Code of Ethics”) which provides that we are committed to conducting our business in accordance with all applicable laws and regulations and in an ethical and professional manner. In addition, we recognize that we have a fiduciary duty to our clients, and that we must conduct our business in a manner that enables us to fulfill this fiduciary duty. In this regard, we have developed policies and procedures in our Code of Ethics that are premised on fundamental principles of openness, integrity, honesty and trust. In addition, among other things, our Code of Ethics governs all personal investment transactions by our employees, our policies with respect to gifts and entertainment, compliance with applicable federal securities laws, the manner in which violations of our Code of Ethics are to be reported, and certain other outside activities of our employees. We will provide a copy of our Code of Ethics to any client or prospective client upon request.

Under our Code of Ethics, we place certain restrictions on the personal trading activities of our employees and their immediate family members. For example, our employees may participate in initial public offerings and limited offerings, such as hedge funds, private equity funds or other types of private offerings, subject to pre-clearance procedures. In addition, it is possible that our employees may invest in the same securities (or related securities, such as warrants, options or futures) that we recommend to clients. As a result of differing trading and investment strategies or constraints, positions taken by our employees can be the same as or different from, or made contemporaneously or at different times than, positions taken for our clients. As these situations involve potential conflicts of interest, our Code of Ethics is intended to identify and prevent actual conflicts of interest with clients and to resolve such conflicts appropriately if they do occur. For example, our employees are required to disclose their personal securities holdings on an initial and annual basis, and their personal securities transactions quarterly, which requirements are designed to address potential conflicts of interest that might interfere or appear to interfere with making decisions in the best interest of our clients.

Subject to applicable law, we may effect transactions between clients (generally for rebalancing purposes and to correct misallocations of trades) where one client will purchase securities from another client (including a private investment fund or account in which we, our affiliates, principals or employees may have a significant interest). Such transactions (*i.e.*, cross trades) will be effected only when we believe that such transactions are in the best interest of the applicable clients. Such transactions will be placed through an unaffiliated broker-dealer or custodian, will not involve any accounts subject to ERISA, and will be effected for cash consideration, at prices that reflect prevailing market conditions. In addition, no brokerage commission or transfer fee will be paid to us or our affiliates in connection with any such transaction. Any transaction costs incurred in connection with any such transaction will be shared *pro rata* between the applicable clients.

In the event that we effect a cross trade between an account in which we or our principal owns more than twenty-five percent (25%) and a client account, such transaction may be deemed to be a principal transaction under the Advisers Act. Such transactions would

create a conflict of interest for us because we may put our or our principal's interests in such accounts before the interests of our client in the other account. We will not effect any cross trades between accounts if we believe that such trade would result in a principal transaction, unless:

- 1) We believe that such transaction is in the best interest of the clients participating in the transaction; and
- 2) We obtain the consent of the applicable clients to the extent required under the Advisers Act.

We may buy or sell securities for one client at the same time that we or our related persons buy or sell the same security for one or more other clients (including Funds which are our related persons). This will typically happen when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. This may create a conflict of interest if one account may benefit from making the trade before or after the other account. We will generally seek to aggregate trades, as described below in Item 12 under "Aggregation of Orders," to avoid any such conflict of interest.

Item 12 - Brokerage Practices

Selection of Brokers

In placing portfolio transactions for our clients, we seek to obtain the best execution for clients' accounts, taking into account the following factors (without limitation): the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any); the operational efficiency with which transactions are effected, taking into account the size of order and difficulty of execution; the financial strength, integrity and stability of the broker; the firm's risk in positioning a block of securities; the quality, comprehensiveness and frequency of available research services considered to be of value; and the competitiveness of commission rates in comparison with other brokers satisfying our selection criteria.

We have adopted policies and procedures intended to seek best execution on an ongoing basis for securities transactions, based upon the aforementioned factors. We periodically evaluate the execution performance of the broker-dealers we use to execute client transactions. We also evaluate, and seek to resolve, any conflicts of interest that we may have in selecting brokers to execute client transactions.

Research and Other Soft Dollar Benefits

Soft dollar arrangements arise when an investment adviser obtains products and services, other than securities execution, from a broker in return for directing client securities transactions to the broker. Soft dollar arrangements pose a conflict of interest for us in that such arrangements allow us to pay with client commissions expenses that would otherwise be borne by us. In the event that we use client brokerage commissions (or markups or markdowns) to obtain research or other products or services, we would receive a benefit

because we do not have to produce or pay for the research, products or services. We believe that this conflict is mitigated because our clients will generally pay for research as a “hard dollar” expense pursuant to their respective investment management agreements. We may have an incentive to select a broker based on our interest in receiving the research or other products or services offered by such broker, rather than on our clients’ interests in receiving most favorable execution.

We execute securities transactions on behalf of client accounts with broker-dealers that provide us with access to proprietary research reports (such as standard investment research and credit reports). To our knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. These bundled services are made available to us on an unsolicited basis and without regard to the rates of commissions charged or paid by client accounts or the volume of business that we direct to such broker-dealers.

Brokers sometimes suggest a level of business they would like to receive in return for the various services they provide. We have not committed to provide any level of brokerage business to any broker to date, and actual brokerage business received by any broker may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total brokerage is allocated on the basis of all the considerations described above.

In the event that we engage in soft dollar transactions, we intend to comply with the safe harbor requirements of Section 28(e) of the Securities Exchange Act of 1934, as amended. Under this provision, in exercising our discretionary authority to select or arrange for the selection of brokers for execution of transactions for our clients, and, subject to our duty to obtain best execution, we may consider the value of research and brokerage products and services (collectively, “Research”) provided by such brokers. Accordingly, if we determine in good faith that the amount of commissions charged by a broker is reasonable in relation to the value of the brokerage and products or services provided by such broker, our clients may pay commissions to such broker in an amount greater than the amount another broker might charge.

Research that we acquire from brokers may include, among other things, proprietary research, which may be written or oral. Research products that we acquire from brokers may include, among other things, databases and quotation services, and Research services may include, among other things, research concerning market, economic and financial data, a particular aspect of economics or on the economy in general, statistical information, pricing data and availability of securities, financial publications, electronic market quotations, performance measurement services, analyses concerning specific securities, companies, industries or sectors, market, economic and financial studies and forecasts, appraisal services, and invitations to attend conferences or meetings with management or industry consultants. We may in the future acquire other Research with client brokerage commissions in accordance with our policies and procedures.

Research provided by brokers may be used to service all client accounts and not exclusively in connection with the management of the client account that generated the particular soft dollar benefit.

Where a product or service obtained with client commission dollars provides both research and non-research assistance to us, we will make a reasonable allocation of the cost which may be paid for with client commission dollars.

Our prime broker(s) generally offer us certain front and back office services, such as trading, securities lending, clearing, reporting, and settlement for equities, fixed income, foreign currency and options, and talent recruiting, among other services. From time to time we will utilize one or more of the services that are offered to us. Subject to applicable law, our prime brokers are expected to also provide us with capital introduction services. Our clients will pay fees to the prime brokers in accordance with the fee schedules negotiated with such prime brokers.

Brokerage for Client Referrals

Subject to applicable law, we may direct some client brokerage business to brokers who refer prospective investors to the private investment funds we manage, consistent with best execution. Because such referrals, if any, are likely to benefit us but will provide an insignificant (if any) benefit to our clients, we have a conflict of interest with our clients when allocating client brokerage business to a broker who has referred investors to us. To prevent client brokerage commissions from being used to pay investor referral fees, we will not allocate client brokerage business to a referring broker unless we determine in good faith that the commissions payable to such broker are not materially higher than those available from non-referring brokers offering services of substantially equal value to the client account.

Trade Errors

Subject to applicable law and the terms of our written agreements with clients, our clients will (i) be responsible for any losses resulting from trading errors and similar human errors, absent our willful misconduct or gross negligence, which, for the avoidance of doubt, will not include errors in judgment or mistakes made in good faith, in the performance of our obligations and duties (or those of our affiliates or personnel) in respect of our clients, and (ii) receive the gain from such trading errors, as the case may be.

We face a potential conflict of interest because, should a trade error occur, generally we (and not an independent third party) would be the party that determines whether such trade error resulted from our willful misconduct or gross negligence. However, notwithstanding this potential conflict of interest, in all cases, we would make such determination in good faith.

We may correct misallocations of trades among client accounts by re-allocating the applicable trade using the intended allocation methodology prior to the trade's settlement date. If an erroneous allocation cannot be corrected prior to or after settlement, we may, if appropriate and subject to applicable law, correct such erroneous allocation by effecting a cross trade between client accounts at the price at which the initial trade was effected.

Aggregation of Orders

We will generally aggregate client trades, subject to best execution. Aggregation, or “bunching,” describes a procedure whereby an investment adviser combines the orders of two or more clients into a single order for the purpose of obtaining better prices and lower execution costs. Aggregation opportunities for us generally arise when more than one client is capable of purchasing or selling a particular security based on investment objectives, available cash and other factors. In such event, securities purchased or sold will generally be allocated among client accounts on an average price basis. When an aggregated order is only partially filled, we will allocate the investment opportunity as described above in Item 6.

Clients may pay more to the extent that we do not, or are unable to, aggregate trades, as seeking to place separate, non-simultaneous transactions in the same security for multiple clients may negatively affect market price, transaction commissions and/or trade execution. A client’s nonparticipation in bunched trades may result in lost opportunities to purchase securities for such client’s account that other clients participating in bunched trades were able to purchase.

Our brokerage practices, including our ability to receive soft dollar benefits or to enter into soft dollar arrangements or similar arrangements, as described above, may differ for certain clients based on the client’s applicable written agreement with us.

Item 13 - Review of Accounts

Client accounts are typically reviewed by the Adviser’s Chief Investment Officer on a daily basis for conformity to the objectives and risk criteria applicable to such accounts, and compliance with any applicable investment guidelines and restrictions.

Investors in the Funds generally will receive a monthly account statement and audited financial statements on an annual basis. We also typically distribute tax reports to investors in the Funds.

We may enter into agreements (“side letters”) with one or more Fund investors that result in investment terms that differ from the terms applicable to other investors in such Fund, including, without limitation, with respect to fees, performance-based fees or allocations, and/or withdrawal terms. In addition, pursuant to side letters, we may provide particular investors with more frequent and/or more detailed information regarding a Fund’s positions, performance, finances, and management and/or other information about such Fund or us (including, notification of senior employee departures, the commencement of disciplinary actions, legal proceedings, investigations or similar matters, or redemptions from the Funds by us, our affiliates and/or our respective personnel), possibly enabling such investors to better assess the prospects and performance of the Funds. As a result of such side letters, certain investors may receive additional rights and/or information that other investors will not necessarily receive. Subject to applicable law and contractual arrangements, we do not intend to disclose the terms of side letter agreements or other arrangements and do not intend to disclose the identities of the investors that have entered

into such agreements with the Funds or us. We will not be required to offer such additional or different rights and terms to any or all other investors.

We may provide certain additional information to any investor, or prospective investor, in a Fund (or to any of our clients or prospective clients) who requests such information. This information may be provided in response to questions and requests and in connection with due diligence meetings and other communications, but will not be distributed to other investors and prospective investors (or other clients or prospective clients) who do not request such information. Such information may affect a prospective investor's (or prospective client's) decision to invest, and investors and clients (which may include our personnel, affiliates and/or related persons) who receive such additional information may be able to act on such additional information and redeem their investments potentially at higher values than other investors (or clients). Each investor and client is responsible for asking such questions that it believes are necessary in order to make its own investment decisions and must decide for itself whether the limited information provided by us is sufficient for its needs.

We may provide clients with reports in such forms and at such times as such clients and we may agree.

The custodians of any separately managed accounts that we manage may send account statements to the owners of such accounts. In general, since a separately managed account client would directly own the positions in its account, such client may have full, real-time transparency as to all transactions and holdings in such account, and may be better able to assess the future prospects of a portfolio that is substantially similar to the portfolios of the private investment funds managed by us. Separately managed account clients may have the right to withdraw all or a portion of their capital from such accounts on shorter notice and/or with more frequency than the terms applicable to an investment in the private investment funds that we manage.

Item 14 - Client Referrals and Other Compensation

Other than as described above in Item 12, we do not receive any economic benefits from non-clients in connection with the provision of investment advice or other advisory services to our clients.

If a client is introduced to us by a third-party placement agent, we and/or our affiliates may pay that placement agent a referral fee in accordance with the requirements of Rule 206(4)-1 under the Advisers Act to the extent applicable. Any such referral fee will be paid solely by us or our affiliates, and will not result in any additional charge to the client, unless the client agrees otherwise in its applicable written agreement with us. Placement agents are subject to a conflict of interest because they will be compensated in connection with their solicitation activities. This conflict applies as well to nominees that are compensated in connection with the investment of their clients' assets with us or in the private investment funds that we manage.

Item 15 - Custody

Client funds and securities are maintained by qualified custodians to the extent required by Rule 206(4)-2 under the Advisers Act. However, for purposes of the Advisers Act, we may be deemed to have custody of certain client assets. The owners of any separately managed accounts over which we have custody will receive account statements from the custodians for such accounts, and are urged to carefully review those statements. To the extent that such account owners were to also receive account statements from us (which currently is not expected), they are urged to compare those statements with the statements that they receive from their custodians.

Item 16 - Investment Discretion

We have discretionary authority to manage securities accounts on behalf of our clients. Clients give us this discretionary authority when they enter into a written agreement with us. The investors in the private investment funds managed by us generally may not place any limits on our authority beyond the limitations set forth in the Fund Documents for such private investment funds.

On a case by case basis, clients other than the Funds may negotiate certain risk and/or operating guidelines that we will adhere to when exercising our discretionary authority over such accounts.

Item 17 - Voting Client Securities

We have the authority to vote proxies on behalf of the Funds. We may be delegated the authority to vote proxies for other client accounts to the extent provided in a written agreement with a particular client.

We have adopted proxy voting policies and procedures that are designed to ensure that in cases where we vote proxies with respect to client securities, such proxies are voted in the best interests of such clients, and that any material conflict of interest between our interests and the interests of our clients will be resolved in a manner that is consistent with the best interests of clients and in a manner not affected by such conflict of interest.

To the extent that we are authorized to vote proxies for a client account, invest in a security for a client account for which a proxy vote may arise and receive timely notice of such proxy from the client's custodian, we will be guided by general fiduciary principles and will seek to act in a manner intended to enhance the overall economic value of the applicable security. There may be times (which may be frequent) when we are authorized to vote proxies for a client account and determine that refraining from voting is in the best interest of that client. For example, we may refrain from voting a client proxy when (without limitation): (i) the economic effect on shareholder's interests or the value of the portfolio holding is indeterminable or insignificant; (ii) voting the proxy would unduly impair the investment management process; or (iii) the cost of voting the proxies outweighs the benefits or is otherwise impractical. In addition, we may abstain from voting a proxy on behalf of our clients' accounts due to (1) de minimis holdings; (2) de minimis impact on the portfolio; (3) contractual arrangements with clients; (4) their authorized delegates or the failure of a proxy to provide sufficient information to allow for informed decision

making; and/or (5) items relating to non-U.S. issuers (such as those described below). We may refrain from voting a proxy of a non-U.S. issuer due to logistical considerations that may have a detrimental effect on our ability to vote the proxy. These issues may include, but are not limited to: (a) proxy statements and ballots being written in a foreign language; (b) untimely notice of a shareholder meeting; (c) requirements to vote proxies in person; (d) restrictions on non-U.S. person's ability to exercise votes; (e) restrictions on the sale of securities for a period of time in proximity to the shareholder meeting (*e.g.*, share blocking); or (f) requirements to provide local agents with power of attorney to facilitate the voting instructions.

To the extent that we have discretion to participate in class action lawsuits filed against companies or issuers in which our clients are invested, we may participate in such class action lawsuit if we believe that such participation is in the best interest of our clients on a case-by-case basis.

We may engage a third-party proxy voting service to vote proxies on behalf of clients and in such case, we may, when it is believed to be in the best interest of clients, adopt such third-party's proxy voting policies and guidelines; the cost of any such third-party proxy voting service may be borne by such clients, as applicable. If engaged, we generally expect that we would vote with the advice of the third-party proxy voting service whose recommendations are intended to be in the best economic interest of investors; however, we may override any recommendation of such proxy voting service that we do not believe is in the best interest of our clients.

In the event that we do not accept proxy voting authority over a client's securities, we generally will not accept questions about particular solicitations from such client, who should contact its custodian to coordinate receipt of proxies and other solicitations directly from the custodian.

We currently do not permit clients to direct our vote in a particular solicitation. We may enter into arrangements with clients or other investment managers pursuant to which such clients or managers have responsibility to vote proxies according to their own policies and procedures or wishes (such as in the event that we advise a separately managed account or act as a sub-adviser to a private investment fund managed by a third-party manager).

A client may obtain a copy of our proxy voting policy and procedures upon request, as well as information about how we voted the client's securities, by contacting us at the address on the cover page of this brochure.

Item 18 - Financial Information

Currently, there is no financial condition that is reasonably likely to impair our ability to meet contractual commitments to our clients.

Item 19 - Requirements for State-Registered Advisers

Not applicable.

