

## FORM ADV PART 2A: Firm Brochure

EnTrust Global Partners LLC

EnTrust Global Partners Offshore LP

Blue Ocean GP LLC

March 2023

This brochure provides information about the qualifications and business practices of EnTrust Global Partners LLC ("Partners"), EnTrust Global Partners Offshore LP ("Offshore") and Blue Ocean GP LLC ("BO GP" and, together with Partners and Offshore, the "Advisors" or the "Firm"). If you have any questions about the contents of this brochure, please contact Bruce Kahne, Global General Counsel/Chief Compliance Officer (the "CCO") at 212.224.5548 or [bkahne@entrustglobal.com](mailto:bkahne@entrustglobal.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the "SEC") or by any state securities authority.

Additional information about the Advisors is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Please note that registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

## Item 2. Material Changes

The last version of Form ADV Part 2 for the Advisors was dated March 2022. There have since been no material changes to the Advisors' business.

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## Item 4. Advisory Business

EnTrust Global Partners LLC ("Partners"), a Delaware limited liability company, commenced business operations in February 1999. EnTrust Global Partners Offshore LP ("Offshore"), a Delaware limited partnership, commenced business operations in December 1999. Blue Ocean GP LLC ("BO GP"), a Delaware limited liability company, commenced business operations in June 2018. Offshore and BO GP are investment advisers relying on the SEC registration of Partners. Unless otherwise noted, references herein to "Advisor" generally refers collectively to Partners, Offshore and BO GP.

On May 2, 2016, the EnTrust business combined with that of the Permal Group, a Legg Mason subsidiary and global alternative asset manager that was established in 1973 and acquired by Legg Mason in 2005. Gregg S. Hymowitz, the Managing Partner of EnTrust, or entities controlled by him, received a 35% ownership stake in the combined group of companies. Legg Mason retained a 65% ownership stake.

On July 31, 2020, EnTrust Global ("EG" or the "Firm") completed its return to an independent, private company after closing on a previously reported transaction with Franklin Resources pursuant to which EG reacquired the 65% interest that Legg Mason, Inc. held in EG. Mr. Hymowitz, founder of the Firm, is the Chairman and Chief Executive Officer of EG, oversees the investment management function of the Advisors and is responsible for managing the EG business on a day-to-day basis. The Management Committee and Global Investment Committee of EG are chaired by Mr. Hymowitz.

### Description of Advisory Services

EnTrust Global's business platform offers a variety of investment opportunities across a range of asset classes, strategies, and liquidity profiles, in both the public and private markets. The Firm provides commingled solutions as well as customized, bespoke portfolios.

**Hedge Fund Solutions:** The Advisor provides discretionary investment advisory services to commingled private funds of hedge funds as part of a multi-strategy platform, which includes the firm's co-investment strategy ("Hedge Fund Solutions"). These funds are offered primarily to institutional and private client investors. The funds are managed according to the objectives and policies described in their respective offering documents (discussed more fully in Item 8). EnTrust Global leverages an extensive network of investment partners as well as our inhouse structuring capabilities to provide a diverse range of exposures that emphasize our expertise across credit, equity, and macro strategies, while offering improved economics.

**Strategic Partnerships/Separately Managed Accounts:** The Advisor offers institutional clients and high net worth individuals the flexibility of investing through individually customized managed accounts or single investor fund structures (collectively, "Strategic Partnerships"), which invest directly in underlying investment vehicles, special purpose funds, Hedge Fund Solutions and/or co-investment or direct investment opportunities. The Strategic Partnerships, which may invest pari-passu with the Commingled Funds (defined below), may follow a strategy sub-set or may follow a differentiated investment strategy specifically tailored to suit the relevant investor's investment objectives and guidelines. The Advisor may provide advisory services to Strategic Partnerships on a discretionary or non-discretionary basis.

**Blue Ocean Maritime Finance:** EnTrust Global's maritime finance strategy ("Blue Ocean") – which is part of the firm's broader maritime-focused Blue Ocean Group – was launched in 2016 to capitalize on the demand for alternative sources of liquidity in the sector given the retrenchment of "traditional" bank lenders. The Blue Ocean strategy focuses on private debt/direct lending opportunities in connection with small- and medium-sized companies in the maritime sector, including the origination of asset-backed financings and opportunistic purchases of such loans. The strategy also opportunistically invests in second lien, mezzanine, lease and equity structures. The Blue Ocean strategy is managed by the Firm's Blue Ocean Team, which has a dedicated investment committee. The Blue Ocean strategy is comprised of both commingled funds and

Strategic Partnerships (collectively, the “Blue Ocean Funds”). BO GP serves as the general partner/discretionary manager for Blue Ocean.

**Blue Ocean 4Impact:** The Blue Ocean team has combined its maritime financing and investment experience with a sustainability mandate, by launching the Blue Ocean 4Impact fund (“BO 4Impact”). The sole investment of BO4Impact is Purus Marine Holdings LP, a maritime shipping company launched by EG, whose objective is to own environmentally-advanced ships and lease them to large corporate operators and end-users, in order to help the maritime industry reduce carbon emissions and other pollution, and transition to a more sustainable future.

Unless otherwise noted, references herein to: (i) “Commingled Funds” shall refer to all commingled private investment funds managed by the Advisor across a range of asset classes, including Hedge Fund Solutions and Blue Ocean; and (i) “Funds” shall collectively refer to the Commingled Funds, the Strategic Partnerships, and the Blue Ocean Funds.

The Advisor may manage other funds in the future with investment strategies that may or may not be similar to those of the Funds, including funds that make direct investments in securities, loan portfolios or other financial products. Certain of the Funds may invest all or substantially all of their assets in a master fund.

Investor transparency and communication have been a cornerstone of the Advisor’s culture since inception. The Advisor strives to be at the forefront of investor transparency and communication by providing to investors information received from underlying managers, aggregated and summarized in a clear and concise fashion, and distributed on a timely basis. These investor communications typically include not only monthly and quarterly reports regarding investment performance, but also updates regarding significant events in the financial markets and the opportunity to attend an annual “Investor Summit” where underlying managers and our internal maritime specialists discuss market views and investment strategies. In addition, the Advisor takes a proactive approach to risk management and, through the use of third-party software and a dedicated internal operational due diligence team, has instituted extensive risk management procedures that pervade all aspects of the initial and ongoing due diligence process as it relates to the selection and monitoring of underlying managers (See Item 8). The Advisor has a formal Global Investment Committee (“GIC,”), separate strategy-specific investment committees (the “Sub-Committees”) (see Item 8 below) and an Operating Committee (“OC”). The GIC is responsible for the review and oversight of the Advisor’s investment strategies, primary review and oversight for which is conducted by the Sub-Committees.

## Availability of Customized Vehicles

The Advisor may establish individually customized managed accounts or single investor fund structures for certain investors. Customization can assume various forms based on specific investor preferences relating to, among other things: (a) returns; (b) liquidity; (c) volatility; (d) exposure to specific investment strategies, asset classes, managers, and/or geographies; (e) tail risk protection solutions for a strategic partner’s broader portfolio; and/or (f) middle and back office solutions. Aside from portfolio construction and composition issues, such arrangements may afford transparency through periodic calls and meetings with the Advisor’s key investment professionals and its underlying managers to provide real-time information regarding the strategic partner’s particular investments, account balances, specific trades, liquidity analyses, risk aggregation analyses and performance on portfolio- and manager-specific levels. Additionally, one of the Advisor’s investment analysts is assigned to each such arrangement to handle questions and issues that may arise on a day-to-day basis.

The terms of such arrangements are subject to negotiations between the Advisor and the investor and, as such, will vary across such arrangements and may be different than the terms for the Funds, including, without limitation, the right to receive reports on a more frequent basis or to receive reports that include information

not provided to other investors, the right to pay a reduced incentive allocation/fee and/or management fee and such other rights as may be negotiated between the Advisor and such investor.

The establishment of such customized vehicles may involve the withdrawal and/or the transfer of investments in underlying investment vehicles or direct investments within a timeframe or in a manner outside of the terms set forth in the Fund's offering documentation or on terms not offered to other investors. In considering whether to effect such a withdrawal/transfer, the Advisor will consider the impact, if any, on remaining investors in the Fund regarding additional expenses to be borne, portfolio concentration or otherwise, and will endeavor, where possible, to make such terms available to other investors in the Fund.

Such customized arrangements will not be entered into if the Advisor determines that any such proposed arrangement disadvantages or otherwise negatively impacts the ability of the Advisor to provide the desired level of advisory services to other investors.

Customized vehicles may create potential conflicts of interest in the allocation of investment opportunities among the various customized arrangements and between the customized arrangements and the Advisor's Commingled Funds. The Advisor has adopted an allocation policy intended to mitigate such potential conflicts of interest. (See item 6).

Customized vehicles and vehicles that pursue a co-investment strategy may invest directly in another fund managed by the Advisors (e.g., the Blue Ocean Funds). For such investments, the Advisors will receive a Management Fee and/or Performance Allocation (as defined in Item 5 below) either at the customized vehicle/co-investment portfolio level or at the Blue Ocean or underlying Fund level, but not at both levels.

## Co-investments

The Advisor carefully considers investment opportunities presented by managers to source and gain exposure to more concentrated opportunistic investments. The Advisor constantly evaluates ideas and asset classes for potential co-investment opportunities, which may be investments that require additional capital in excess of the amount that an underlying portfolio may be able or willing to invest or may be an independent investment opportunity. Typically, co-investment opportunities are sourced in response to market dislocations or involve manager led catalysts. Co-investments may be accessed through a particular Fund, a dedicated portfolio within a Fund, a special purpose fund or through a direct Investment by a Fund or through taking an ownership interest in a management company of a third-party investment manager or otherwise.

With respect to investing in co-investments, the Advisor will generally seek to make investment decisions on a fair and equitable basis over time, based on the respective investment guidelines of the relevant Funds and after taking into account such factors as the Advisor deems appropriate, including without limitation, the relative amounts of capital available for investment, capital contributions or outflows, the investment programs, strategies, guidelines and restrictions of each Fund, the existing portfolio composition of the Fund, the sizing of the positions, relative weightings of the positions in the respective portfolios, price targets or stop-loss targets of the position as it relates to the particular Fund or co-investor, legal, tax and regulatory considerations of each Fund, the potential impact an investment could have on subsector distribution, liquidity, exposure guidelines, concentration limits, diversification needs and other portfolio characteristics and other relevant considerations. For example, the Advisor may choose to trim a position in one Fund because it is hitting a concentration limit but hold the same position in the other Funds or for other co-investors.

There are certain conflicts of interest that investors should be aware of as a result of these co-investment arrangements from both a preferential treatment standpoint, as well as conflicts resulting from side-by-side management of co-investment vehicles alongside the Funds. The Advisor could be incentivized to over-

allocate well performing investments to co-investment vehicles in order to increase receipt of performance compensation. The Advisor has addressed these conflicts by adopting its Allocation Policy, which outlines the general allocation procedures regarding investments, including co-investments (See Item 6 below).

Generally, the Advisor will seek to fully exit or realize an investment at the same time and price for all investment vehicles participating in the co-investment Funds and co-investors on a pro rata basis, but may take into account liquidity of the position, withdrawal/redemption requests, the pressure that large sales may place on the stock price, regulatory filing obligations and other relevant factors.

Certain co-investors, based on, among other things, the structure of the vehicle through which they are investing and the applicable investment mandate, may receive earlier and/or more detailed reporting than Fund investors. As a result of having potentially greater transparency on co-investment(s), such co-investors may have the ability to make decisions with respect to their investment distinct from, and potentially advantageous to, that of those co-investing through other structures or with other investment mandates.

Expenses associated with a proposed co-investment opportunity that does not come to fruition, such as where the purchase price moves drastically so the investment thesis is no longer compelling, will only be borne by the eligible Funds and investors that would have participated in such investment.

## Managed Account Platform

Permal Managed Account Platform (the "Platform"): Originally part of the legacy Permal business prior to the business combination with EnTrust in 2016, these are Funds managed by unaffiliated third-party investment managers (each, a "PMAP Fund") for which Offshore serves as portfolio monitor. The Platform may be offered to investors with enhanced transparency and reporting requirements from underlying managers, among other features. A separate investment vehicle is organized for each third-party investment manager and is used to aggregate investments made with that manager by multiple clients of Offshore and its investment advisory affiliates. In its capacity as portfolio monitor to the PMAP Funds, Offshore performs various tasks, including, but not limited to, conducting due diligence of the third-party investment managers, internal legal, compliance, accounting and other services and making recommendations to the independent Board of Directors for the PMAP Funds (the "Board") regarding the hiring and retention of managers for such PMAP Funds. The Board for each PMAP Fund retains the ultimate authority regarding such PMAP Fund's investment strategy and its hiring and retention of the third-party investment manager.

As compensation for providing portfolio monitoring services, Offshore receives an expense reimbursement or "chargeback" from the PMAP Funds, a fixed fee currently set at 10 bps of average assets under management for each PMAP Fund investor in any year (the "Chargeback"). The Chargeback is intended to be sufficient to cover the costs attributable to the time spent by Offshore's personnel in providing the portfolio monitoring services. The amount of the Chargeback is subject to the sole discretion and approval of the independent Board for the PMAP Funds, on an annual basis, based on their review and assessment of the reasonableness of the Chargeback, taking into consideration, among other things, the amount and nature of the portfolio monitoring services provided by Offshore. PMAP Fund investors will be notified of any change in the Chargeback prior to its implementation. The Chargeback is in addition to any management and incentive fees and expenses borne by PMAP Fund investors, both at the Fund level and at the third-party investment manager level.

Portfolio monitoring services provided to any particular PMAP Fund in any given year may not be the same as provided to other PMAP Funds, may vary from year to year and services may not be provided to a particular PMAP Fund in a given year. Offshore has sole discretion in deciding whether to allocate investment assets to a PMAP Fund or to another Fund managed by the Advisor, that may follow a substantially similar investment strategy to that of a PMAP Fund and may have an overall lower cost structure to investors. EnTrust Global investors will not be notified by the Advisor of its decision to invest a portion of such investor's assets in

a PMAP Fund or of the factors that led to this decision. In exercising its discretion in this regard, the Advisor will consider the relative value of the benefits offered by the Platform as it relates to a particular investor and in view of any additional costs to be incurred by the investor. Notwithstanding any decision by the Advisor to invest an investor's assets in a PMAP Fund, there is no guarantee that enhanced transparency and/or reporting will be provided by any PMAP Fund, at what level or frequency that transparency and/or reporting may occur, or that such transparency/reporting will actually exceed the level/frequency provided by the third-party investment manager in a commingled investment vehicle it manages that follows a substantially similar investment strategy to that of a PMAP Fund. Additionally, there is no guarantee that should enhanced transparency be received, that such transparency will result in additional portfolio gains or mitigation of losses in the relevant PMAP Fund. Offshore has a conflict of interest because it is incentivized to allocate such assets to the Platform because of its ability to receive the Chargeback from investors that invest in the PMAP Fund. Although it is intended that this conflict of interest is mitigated by the veto power of the Chief Risk Officer, as a member of the Advisor's GIC, over any new investment or additional investment allocation, there is no guarantee that this will occur. The roles of the GIC and the Sub-Committees are more fully discussed in Item 8 below.

The Commingled Funds, including, but not limited to, EnTrust Special Opportunities Funds II, III and IV and the Blue Ocean Funds, do not currently invest in the Platform and, therefore, are not subject to the Chargeback. Certain PMAP Funds may not be subject to the Chargeback due to regulatory or other restrictions. Any questions regarding the Chargeback, including the investors to which the Chargeback applies, should be directed to the CCO.

## Special Purpose Acquisition Vehicle

EG Acquisition Corp. is a special purpose acquisition company sponsored by EnTrust Global and GMF Capital, LLC ("GMF"), formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination with one or more businesses.

EG Acquisition Corp. raised \$225 million in its initial public offering and commenced trading on May 26, 2021. None of the Funds invested in the initial public offering. The shares of Class A common stock and the warrants are listed on the NYSE under the symbols "EGGF" and "EGGFW," respectively. In addition, to better align the founders' interests with those of investors, a three-year lockup applies to the founders' shares in EG Acquisition Corp. Mr. Hymowitz is Chief Executive Officer and a director of EG Acquisition Corp. Gary Fegel, founder and Chairman of GMF Capital, is the chairman of EG Acquisition Corp. On October 17, 2022, EG Acquisition Corp. entered into a business combination agreement with flyExclusive, a leading provider of premium private jet charter experiences, pursuant to which the two companies will combine into one company upon the consummation of the transaction. (See Item 8 for investment risk factors relating to the SPAC).

## Internal Controls

The Advisor has established a Compliance and Conflicts Committee (the "Committee") to enhance the independence of oversight and controls relating to the Advisor's compliance policies and procedures and to identify, address and resolve existing and potential conflicts of interest that may arise across the Advisor's business practices.

The Committee includes members of the Compliance Team and John H. Walsh (former Associate Director-Chief Counsel for the SEC's Office of Compliance Inspections and Examinations and a current Partner at the law firm of Eversheds Sutherland) as Independent Legal/Compliance Advisor to the Committee. Issues may be identified for consideration by the Committee through senior management's daily interaction with employees, as well as the regular meetings of the OC, the GIC and the Sub-Committees (discussed below).

Formal meetings are generally conducted on a monthly basis, even when no particular issue is identified for consideration, although the Committee may meet more frequently as issues arise. Notes of meetings are prepared and maintained. In addition, the Independent Legal/Compliance Advisor and/or the CCO or his designee typically conduct quarterly training sessions for the Advisor's personnel regarding compliance issues and considerations.

Finally, the Committee discusses on an ongoing basis the Firm's business practices and relationships as well as how to best mitigate and monitor the inventory of identified and anticipated risks.

Although not required, at the request of the Advisor, PwC, one of the Funds' independent auditor, prepares a SOC-1 Type 2 Report on Controls Placed in Operations. This report is used by the Advisor to further review and assess its own operational controls on an ongoing basis. The most recent SOC 1 Type 2 Report is as of March 31, 2022. Copies of SOC-1 Type 2 Reports are sent to investors.

## **COVID-19**

Since the end of February 2020, the Advisor has taken numerous steps to protect the health and safety of employees and to ensure that business operations continue seamlessly in response to the COVID-19 pandemic. These steps included, among other things, restricting and subsequently prohibiting business travel, activation of the Firm's business continuity plan, closing all offices and requiring all employees to work remotely, the formation of a new internal group dedicated solely to monitoring business operations during the pandemic, increased oversight of critical vendors, enhanced communications with and disclosure to investors, making medical experts available on a series of calls with our investors to provide the latest information regarding the pandemic and correspondence with regulators.

The Legal/Compliance Group also has monitored and addressed, and continues to monitor and address, ongoing pandemic-related regulatory developments. On March 25, 2020, the SEC issued guidance regarding disclosure and other securities law obligations that companies should consider with respect to the COVID-19 pandemic, including the sharing of confidential information and selective disclosure prohibitions. The SEC guidance was the focus of several different compliance measures taken by the Firm. The CCO circulated this guidance and other emails to the Firm as a training exercise. Disclosure regarding increased market volatility and general unpredictability in the financial markets as a result of the pandemic was included in various investor reports. The Legal/Compliance Group also responded accordingly to inquiries from the Financial Industry Regulatory Authority, Inc. ("FINRA") and the Autorité des Marchés Financiers in France, each of which inquired about the activation of the Firm's business continuity plan and as to how business was being conducted remotely. The CCO and Deputy CCO also participated in three conferences conducted by FINRA for small firms as well as pandemic-related compliance sessions hosted by law firms and compliance consultants. On May 1, 2020, the CCO conducted a compliance training session for the Firm. This session covered insider trading, investor communication, marketing materials and firmwide systems and controls.

As noted in Item 8, although EnTrust Global implemented numerous steps to protect employees and ensure business operations continued seamlessly throughout the COVID-19 pandemic, there is no assurance that such measures will work effectively at all times in the future. As of February 22, 2022, absent special circumstances, employees were required to return to work at the Advisor's offices.

## **ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS**

The Advisor recognizes the importance of environmental, social and governance ("ESG") issues in the general operation of its business and has established a Corporate Responsibility Committee that is responsible for providing support to the Advisor's ongoing commitment to the environment, health and safety, corporate social responsibility and sustainability. In the course of the Advisor's continued efforts and innovation to serve

its clients, the Advisor, through its ESG Investment Committee, strives to integrate ESG factors within the investment process, as applicable and appropriate within the investment mandate or as requested by the client. The Advisor takes a pragmatic approach to ESG factors and engagement, and typically prefers to seek constructive engagement over simple negative screening. Given the diverse nature of the business described above, the Advisor does not believe a narrowly defined or “one size fits all” approach to ESG factors would be suitable or practical. Instead, the Advisor looks to incorporate ESG considerations or engagement into the investment process for its various products, where it believes it is appropriate and in compliance with the Advisor’s ESG Investment Policy, as well as in any customized mandates managed for clients who request that ESG factors be part of their investment mandate (if any).

## Cybersecurity

In response to the increasing number of cyber-attacks across different industries and increased regulatory focus on financial firms’ preparedness to protect information and systems and to respond to such attacks, the Advisor conducts an ongoing assessment of its technology systems and controls.

Our assessment particularly focuses on supervisory controls over, and protection of, systems and confidential information, operational capabilities of systems and where these systems could be improved to provide better protection, preparedness to respond to cyber-attacks, the drafting of written policies and procedures and vendor management.

No cybersecurity program can anticipate and prevent all types of cyber-attacks (please refer to “Cybersecurity Risk” under Item 8). The Advisor has invested significant time and resources in strengthening and upgrading its internal controls and systems. This includes an entire infrastructure upgrade of its server environment, having an external vulnerability assessment conducted and strengthening the monitoring of potential threat activity and other controls. The Advisor will continue to monitor its cybersecurity program and spend the necessary time and resources to implement upgrades as necessary.

As of December 31, 2022, the Advisor managed approximately \$11,605,473,827 in assets on a discretionary basis and \$66,700,357 in assets on a non-discretionary basis.

## **Item 5. Fees and Compensation**

The fee structure for each Fund is set forth in the offering documents for that Fund, or in the managed account agreement for a separately managed account, as the case may be. EnTrust Global Partners Offshore LP serves as the management company of the Funds for which EnTrust Global Partners LLC serves as general partner and, in exchange for providing certain administrative and managerial services, receives a management fee from the Funds (the "Management Fee"). The Management Fee is generally payable quarterly and is prorated for periods less than a full quarter. The Management Fee may vary for different classes of limited partnership interests or shares in the Funds (collectively, the "Interests"), but generally ranges from 0.10% (0.40% per annum) to 0.50% (2.0% per annum) of each limited partner's capital account or the net asset value of a particular class of shares, as the case may be, measured as of the last day of the quarter, although some Funds may pay a monthly Management Fee. In certain Funds (as well as certain classes of shares or limited partnership interests in the Blue Ocean Funds), the Management Fee is calculated based on invested capital or committed capital.

In addition, the Advisor may receive an incentive fee/allocation (the "Performance Allocation") on an annual basis (or, in some cases, quarterly or as agreed to with investors) in certain classes of Fund interests or for certain Funds, generally ranging from 5% to 20% per annum of net profits (15% per annum for the Blue Ocean Funds). As set forth more fully in the offering documentation for a particular Fund, the Performance Allocation for Interests in some Funds is subject to hurdle rates or clawback provisions. The Performance Allocation is generally subject to the recoupment of unrecovered net losses incurred previously. For the Blue Ocean Funds, the Performance Allocation is typically structured as a carried interest, payable after investors have received all of their capital contributions back, plus a preferred return.

Investors in Funds where the Performance Allocation is charged at the overall Fund level or to a particular class as a whole should note that as equalization or series accounting is not used, the Performance Allocation will be based on the overall performance of the Fund or class of shares, as applicable, as opposed to the specific performance of the shares held by a particular Investor.

The Advisor, in its sole discretion, may waive or reduce all or any portion of the Management Fee and/or Performance Allocation for certain investors in the Funds. New Interests may also be created with different fee structures. For Strategic Partnerships, fees generally will track the range of Management Fees/Performance Allocation for the commingled Funds depending on the amount of assets in the account or as may be negotiated. Any Performance Allocation for a Strategic Partnership will be subject to negotiation between the Advisor and the investor.

In addition, the Advisor and/or Funds may, without notice to investors, enter into agreements with certain investors who, in the Advisor's judgment, make a significant investment in a Fund, granting them, among other things, greater portfolio transparency, fee waivers or reductions, additional rights to reports or other information and other more favorable investment terms than the terms associated with an investment by investors pursuant to the offering documentation. The Funds have the power to create different classes of Interests for certain substantial investors and may create additional classes having different rights for the purpose of implementing such agreements. For example, such additional classes of Interests may have different voting rights, management fees or performance compensation arrangements. In offering more favorable investment terms to certain investors, the Advisor and/or Funds shall have no obligation, subject to any applicable "most favored nations" agreements, to offer such additional rights, terms or conditions to all investors.

Each Fund's expenses are set forth in the respective offering documents for the particular Fund and may include, the Management Fee and the Performance Allocation (if applicable); fees of the Fund's independent auditors, legal counsel and Administrator; fees for the maintenance of the Fund's books and accounts, including license fees and costs associated with any software used to maintain the books and

records of the Fund, including portfolio management, risk management and investor reporting and technology expenses; fees of any separate accountants retained for the Fund and fees paid pursuant to the Services Agreement (see discussion below on the Services Agreement); registration, licensing and custodian fees; taxes (including withholding and transfer taxes); bank service fees; insurance premiums; organizational expenses; governmental fees, preparation and distribution of investor reports and other communications with investors and the public, the costs incurred in connection with marketing the Fund Interests (including travel, car service, car rental and parking and lodging expenses incurred in attending conferences and presentations with investors and prospective investors), the cost of updating the Fund's offering documents, professional fees of consultants (including risk management and compliance consultants and, where appropriate/applicable, valuation experts, agents and ratings agencies) incurred in connection with the operations of the Fund, manager research costs and background checks, subscription fees for market data services, databases and related research expenses and other due diligence tools (including travel and expenses in connection with monitoring and conducting due diligence on investments) and the costs and expenses of securing and maintaining any line of credit or liquidity facility, including interest expense and commitment fees. All travel and lodging expense reimbursements are subject to the Advisor's Code of Ethics and its Travel Reimbursement Policy, which limit the types of expenses that may be incurred and provides that expenses will only be reimbursed if they are ordinary and reasonable.

In addition to the fees and expenses described above, the Funds will bear, directly and indirectly, certain additional expenses, which are described in the relevant offering documentation or separately managed account agreement. Some of these expenses may include, as applicable:

- Dealing fees for subscribing to/redeeming from the Funds – depending upon the class of Interests subscribed to and amount purchased, dealing fees, such as front end or back-end sales charges, may apply to the investor. These amounts are not typically paid to EnTrust Global but are charged and retained by financial intermediaries who offer the Funds for sale to their clients.
- Distribution fees – for Investors subscribing into a class of Interests of a Fund with a back-end sales charge, an ongoing distribution fee, typically up to 1% will be charged. This fee is also generally paid to the financial intermediary that made the Fund available for sale.

In addition, as discussed further in Item 12 – Brokerage Practices, the Advisor may, on occasion, buy and sell securities traded in secondary markets, including exchange traded funds ("ETFs"), open-end and closed-end funds and other securities. In these cases, investors will bear the costs and expenses (such as commissions or spreads) associated with such trading.

For those expenses which relate to or which benefit one or more specifically identifiable Funds, each such expense will be allocated solely to those Funds. For those expenses which cannot reasonably be allocated to a Fund or specific Fund(s) or which benefit all Funds, the expense will be allocated across all Funds on a pro rata or other basis that is fair and equitable to all clients.

Each Fund also bears a pro rata portion of the expenses of each underlying fund in which it invests, including the management fees and incentive fees payable to the managers of such funds. In certain cases, the Advisor has been able to negotiate more favorable fee terms than those otherwise payable by an investor in such fund.

In addition, the Advisor's Compliance Manual contains an expense allocation policy. This policy provides, among other things, for periodic review and testing of expense allocations to assess whether such allocations are consistent with disclosure in the relevant offering documentation.

Certain of the Funds have entered into or are expected to enter into a Services Agreement with an affiliate or a former affiliate of the Advisor, pursuant to which certain personnel of such affiliate perform services for both the Advisor and the Funds, including accounting, legal and compliance (including but not limited to

oversight of certain risk management and ancillary services). Under the Services Agreement, fees are payable by the relevant Funds and are currently set at 10 basis points per annum of a Fund's Net Asset Value (the "Fee"). The amount of the Fee is subject to adjustment (up or down) generally on an annual basis, subject to the sole discretion and approval of the independent board of directors for the offshore private investment funds managed by Offshore, based on its assessment of the reasonableness of the Fee, taking into consideration, among other things, the cost to EnTrust Global to provide the services. The Fee is intended to be sufficient to cover the total compensation and benefit costs and EnTrust Global's share of taxes for such personnel who typically also provide significant services to the Advisor. Services provided to any particular Fund in any given year may not be the same as provided to other Funds and, from time to time, no services may be provided to a particular Fund in a given year. Certain investment vehicles managed by the Advisor or its investment advisory affiliates may not pay the Fee but may, nonetheless, receive the services set forth above. Investors will be notified of any change in the Fee prior to its implementation. The Services Agreement is available upon request.

Certain of the Funds (who do not enter into the Services Agreement) pay a Shareholder Service Fee to the Advisor as set forth in the applicable Fund's offering documentation.

As discussed further in Item 4 – Advisory Business, as compensation for providing portfolio monitoring services to the PMAP Funds, Offshore receives an expense reimbursement or "chargeback" from the PMAP Funds, a fixed fee currently set at 10 bps of average assets under management for each PMAP Fund investor in any year and reviewed on an annual basis by the independent Board of the PMAP Funds.

The offering documents for a particular Fund, or the managed account agreement for a separately managed account, specify the withdrawal terms for such Fund or account, as the case may be. In general, no withdrawal is permitted other than as set forth in such governing documents, subject to the right of the Advisor or the Fund, as applicable, in its sole discretion and without notice to other investors, to waive such requirements for investors on a case by case basis.

EnTrust Global has utilized Best Alternative Advisory Services ("Best"), based in India, for support regarding Fund accounting, operations, compliance/regulatory surveillance and client reporting. Best was acquired by Apex Group Ltd., a global financial services provider. Notwithstanding the acquisition, the team of people at Best dedicated solely to the EnTrust Global business is expected to continue in that capacity and to continue to work collaboratively with EnTrust Global on a daily basis and across different business units to attempt to achieve operational efficiencies in the areas noted above.

Where operating a particular Fund is, in EnTrust Global's discretion, no longer viable, including but not limited to when operating costs have become outsized relative to the Fund's assets, where the Fund has experienced significant redemptions, or otherwise, such Fund will be liquidated in accordance with its constituent documents. Once EnTrust Global decides to liquidate, it will endeavor to treat all investors fairly and equitably in the Fund's wind-down. In order to do so, EnTrust Global may suspend redemptions (even redemptions already submitted), suspend payment of redemption proceeds, continue to actively manage a portion or all of the Fund's assets, sell highly illiquid and nonmarketable positions at a loss, and take other steps consistent with its fiduciary duty. In these circumstances, EnTrust Global will attempt to provide investors with an estimated timeline regarding the payment of liquidation proceeds, which will be impacted by the nature of the underlying securities, the global markets, economic and financial conditions and other factors.

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

The Advisor's fee structure, including as it relates to performance-based fees, is set forth in response to Item 5 above. All Funds generally follow the same investment strategy for each separate class of Interests within that particular Fund, so that the same underlying managers and investments are selected for each actively investing class of Interests within each Fund regardless of fee structure (subject to any investment restrictions pertaining to that class). Accordingly, the Advisor is not incentivized to favor or pursue more speculative investment strategies for those classes of Interests for which it may receive a Performance Allocation.

**Statement of Allocation Policy and Procedure.** It is the Advisor's policy that no Fund or other account for which the Advisor has investment discretion (collectively, "EnTrust Global Clients") shall receive preferential treatment over any other EnTrust Global Client. In allocating securities among EnTrust Global Clients with a substantially similar investment strategy, it is the Advisor's policy that all such EnTrust Global Clients should be treated fairly and equitably over time and that, to the extent possible, all EnTrust Global Clients with a substantially similar investment strategy should receive equivalent treatment.

Investment opportunities generally will be allocated among those EnTrust Global Clients for which participation in the respective opportunity is considered appropriate by the Advisor taking into account, among other considerations:

- (a) the nature of the proposed investment and the size of the aggregate position available to EnTrust Global Clients;
- (b) each EnTrust Global Client's investment objective and strategies and any investment restrictions applicable to the particular client;
- (c) whether the risk-return profile of the proposed investment is consistent with the EnTrust Global Client's objectives, whether such objectives are considered (i) solely in light of the specific investment under consideration or (ii) in the context of such EnTrust Global Client's overall holdings;
- (d) existing exposure to the proposed investment, if any, and the potential for the proposed investment to create an imbalance in the EnTrust Global Client's portfolio;
- (e) liquidity requirements of the EnTrust Global Client and time horizon applicable to the particular client;
- (f) the EnTrust Global Client's available cash to invest;
- (g) tax considerations;
- (h) legal and/or regulatory restrictions that would or could limit an EnTrust Global Client's ability to participate in a proposed investment;
- (i) the risk parameters for the EnTrust Global Client's portfolio;
- (j) overall portfolio construction for the EnTrust Global Client;
- (k) where a proposed investment is time-sensitive, the ability of the EnTrust Global Client to fund the investment on an expedited basis; and
- (l) other criteria the Advisor deems relevant (the nature and extent of the differences will vary from client to client).

As a result of the application of these factors, allocations and performance across EnTrust Global Clients that are similarly situated will differ for particular investments or over time.

Where an underlying manager or other investment opportunity has limited capacity and the investment is suitable for more than one EnTrust Global Client: (i) the Advisor is not obligated to cause an EnTrust Global Client that invested first to withdraw to free up capacity for another EnTrust Global Client; (ii) where two or more EnTrust Global Clients are considering the investment at the same time, the investment generally will be made pro rata based on the capital available among the participating EnTrust Global Clients for the proposed investment and on assets under management. Such pro rata allocations will also be made in consideration of the factors listed above which, as applied in any particular case, may result in one or more EnTrust Global Clients not participating in an investment, or participating in the investment but at a lower allocation percentage than the EnTrust Global Client may request or prefer, or participating at a higher than pro rata allocation percentage.

## Item 7. Types of Clients

The Advisor's clients are noted in response to Item 4 above. The minimum initial investment amount for the Funds (or capital commitment amount, as applicable) is set forth in the offering documentation for the particular Fund. Minimum investment requirements are subject to waiver or reduction in the sole discretion of the Advisor (subject to any requirements imposed by applicable law). The Advisor may refuse to permit a partial withdrawal if the withdrawing investor's remaining capital account balance or the value of the investor's Shares, as the case may be, would be less than an amount set forth in the offering documentation, as applicable. In addition, each prospective investor must satisfy the accreditation requirements set forth in the offering documents of each Fund in which the Investor intends to invest.

Investors in the Funds may include public, corporate and Taft-Hartley pension funds, foundations, endowments, sovereign wealth funds, insurance companies, high net worth individuals and families or other investors. In addition, the Advisor may provide investment advisory services to separately managed accounts for the benefit of such types of investors. Minimum account sizes for such accounts are subject to negotiation.

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

### Methods of Analysis

#### *Blue Ocean Funds*

The Blue Ocean Funds' deal workflow is typically a four-step process: Sourcing, Underwriting, Closing and Post-Funding. The Blue Ocean team will actively assess and closely monitor the loans/leases throughout the tenor of the loans/leases. The primary purpose of the review is to reassess and monitor the borrowers' continuing credit quality and to conduct ongoing stress testing at the portfolio level. Reviews will typically include financial performance, covenants, collateral and liquidation analysis and a market summary. The Blue Ocean team will actively monitor the financial and reporting covenants established in the loan agreements or security documents.

The Blue Ocean Executive Committee meets to help oversee the origination, purchase, sale or other disposition (among other actions) regarding the Blue Ocean Funds' investments. The Blue Ocean Executive Committee consists of Gregg S. Hymowitz, Chairman and Chief Executive Officer of EnTrust Global, Svein Engh, Committee Chair and Portfolio Manager of the Blue Ocean Funds, and Omer Donnerstein, Co-Portfolio Manager. The Blue Ocean Executive Committee approves investment decisions for the Blue Ocean Funds.

#### *Hedge Fund Solutions*

With respect to the Hedge Funds Solutions' investment portfolios, although a particular Fund may be strategy specific or specific to a defined universe of investment strategies, the primary objective of the Advisor is to construct a portfolio of managers with consistent risk-adjusted rates of return within different non-correlated investment strategies, thereby seeking to diversify risk and down-side exposure. Position sizing is determined by the relevant Investment Sub-Committee based on quantitative analysis, as well as information gained from feedback from investment analysts during their regular contact with underlying managers, from interaction with portfolio managers and industry investment professionals and from any macro market conditions believed to possibly impede or enhance specific strategy investment opportunities.

In selecting managers for a portfolio, the Advisor does not follow a rigid asset allocation policy but instead seeks diversification through a combination of managers trading a range of strategies. The Funds are designed not only to utilize expert managers but also to deploy and redeploy investment capital within a range of investment strategies which the Advisor regards as likely to provide favorable opportunities in changing economic environments. Certain Funds may have more restrictive investment guidelines.

The screening process for underlying managers includes a review of a number of different factors, the most important being:

**A definable investment strategy and process** - Each manager must have a clearly defined investment strategy, process and methodology. Just as importantly, the Advisor verifies that the manager has consistently maintained its investment strategy throughout various market conditions.

**A consistent, risk-adjusted historical performance record** – The Funds typically invest with managers who have historical risk-adjusted performance records of significant duration and which are uncorrelated to returns of other managers in the portfolio. Such performance records must demonstrate an ability to achieve returns during both favorable and unfavorable market cycles.

**Disciplined risk management techniques** - Managers are also evaluated on their ability to manage risk to an acceptably low level. Each prospective manager is required to complete the Advisor's proprietary due diligence questionnaire, which is extensive and incorporates questions related to investment strategy, exposures, concentrations, leverage, transparency and performance, as well as risk management, valuation

procedures, pricing policies, cash controls and service providers. Once invested with a manager, the Advisor regularly reviews the overall market risk exposure, hedging and other risk management techniques utilized by the manager to limit market exposure and downside risk.

**A commonality of financial interests** – The Funds typically invest with managers who have meaningful financial commitments jointly with their clients, demonstrated by having significant amounts of their personal capital invested in their own portfolios.

The members of the investment team meet regularly to discuss the allocation and sizing of particular investments, the status of investments being considered and matters concerning the investment portfolio generally. Such meetings may also include the Chief Risk Officer (“CRO”) and applicable members of the Legal Team. The portfolio is reviewed regularly and rebalanced on a monthly basis. In addition, members of the investment team also meet regularly and more informally with the CRO, the CCO, the Advisor’s financial controllers and members of the operational due diligence team to share information and thoughts across different business units regarding, among other things, portfolio positioning, construction and risk parameters.

## Operational Due Diligence

The Advisor takes a proactive approach to risk management and the extensive risk management procedures it has implemented are critical to, although independent of, the investment process.

Managers are sourced primarily from referrals from the Advisor’s network of investment professionals and existing managers. Once a prospective investment manager is identified, members of the Advisor’s team meet and interview the prospective investment manager(s). Through the interview process, the Advisor garners an in-depth understanding of the manager’s investment thesis and processes. As investment due diligence progresses, the Advisor performs in-depth operational due diligence (as set forth in more detail below). Ongoing due diligence reviews are conducted on existing managers approximately every 12-18 months. Operational due diligence is conducted on managers sourced for co-investment opportunities, specifically as it relates to the potential investment.

Investment managers generally complete an extensive proprietary due diligence questionnaire, which incorporates questions related to firm-level data, investment strategy, as well as risk management, valuation procedures, pricing policies, cash controls, cybersecurity, compliance monitoring and service providers.

The Advisor’s operational due diligence team, which includes CPAs with hedge fund audit experience, will meet with accounting and operations personnel to determine the scope and adequacy of the back-office infrastructure, internal controls, valuation and pricing procedures, financial reporting, disaster recovery plans and service providers. The team also meets with other members of the investment manager including but not limited to compliance and information technology professionals.

Information obtained from the meeting, the questionnaire and other materials available are reviewed and outstanding questions are resolved via follow-up calls, meetings or e-mails. Typically, the Advisor’s team will meet with a manager a minimum of three times before investment (one initial meeting, one investment team/in-depth strategy review and an operational due diligence review).

Prior to making an investment with any new manager, members of the Advisor’s team contact individuals within its network for background checks/referrals and the Advisor’s operational due diligence team contacts the administrator and other key service providers of the underlying portfolio to confirm the relationship. The Advisor utilizes certain independent investigative firms to perform background checks on all prospective managers, which may include senior members of their management team, those with trading discretion or cash signatory authority, or who otherwise have been deemed material to certain internal

controls. The decision of whether to conduct such background checks are in the discretion of the operational due diligence team, based on the underlying manager's control processes, and are conducted in accordance with local jurisdictional restrictions.

The exact nature of operational due diligence conducted and the amount of time devoted to operational due diligence in any particular circumstance can vary depending on a number of factors, including but not limited to familiarity with, and operational infrastructure of, an underlying manager.

Final decisions regarding initial Fund investments or co-investments with managers and any additional capital allocations are made by the relevant Sub-Committee. However, the Chief Risk Officer, as a member of the Advisor's GIC, has the power to veto any new investment or additional investment allocation decision for the Funds (excluding the Blue Ocean Funds).

The OC is responsible for focusing on operational issues that may impact investors or the Firm's business operations. The OC generally meets formally on a periodic basis and may meet more frequently on an informal basis. The OC includes senior members of the Firm across various business units.

## Investment Strategies

For Hedge Fund Solutions, the Advisor seeks to select individual managers that offer a variety of different skills in an effort to further balance the Funds' investment portfolios and to provide for the preservation of capital while maximizing opportunities for growth. The Advisor considers a number of factors in selecting managers, including, but not limited to: the manager's basic investment strategy and policies; reputation; prior performance; use of fundamental analysis and other analytical methods; use of leverage and other techniques; and trading acumen. There are no limitations on the investment strategies or techniques that may be employed by the Advisor, the portfolios selected or the structure utilized by the Advisor to access an underlying manager. In most cases, Funds managed by the Advisor invest in commingled private investment funds advised by underlying managers. However, in appropriate cases, other vehicles may be utilized. By way of example only, the Advisor may invest, through a manager or directly, in illiquid securities, special purpose vehicles, single investor vehicles or separately managed accounts. Prospective investors are urged to address any questions regarding strategies (and related risks) that may be employed by managers of the Funds' assets with the Advisor prior to investment.

The core investment strategies pursued by the underlying managers for the Funds are set forth below, although the investment strategy for a particular Fund is set forth in that Fund's offering documentation:

*Global Long/Short Equity* – Long/Short Equity managers combine a portfolio of long equity positions with a portfolio of short equity positions. Long equity positions are expected to appreciate in value and short equity positions are expected to decrease in value. A manager can look to add value on both the long and short positions, or can simply use a short position to hedge market exposure by shorting a security or index which has a high degree of correlation to the portfolio's long positions. Managers may be anywhere from net long to net short depending on market conditions, and generally increase net long exposure when markets are expected to rise and decrease net long exposure when markets are expected to fall. Strategies can be value or growth oriented and may invest in equities across the market capitalization spectrum and across multiple countries and regions.

*Credit & Special Situations* – Credit strategies refer to any strategies that utilize credit related securities such as various fixed income instruments and derivative instruments such as credit default swaps. Common credit strategies include distressed investing and credit arbitrage. Distressed securities strategies invest in companies affected by an adverse financial or operating situation such as bankruptcies, debt restructuring, over-levered balance sheets, corporate reorganizations, poor operating results and/or the distressed sale of assets. A manager may invest in distressed securities believed to be selling at a price below the value of

such securities after a reorganization or liquidation of the company. At times, the distressed manager may take an active role in creditor committees during the bankruptcy or reorganization process to work towards a favorable outcome for the securities being held. Depending on the manager's style, investments may be made in bank debt, corporate debt, trade claims, common stock, preferred stock and/or warrants. Returns from distressed securities strategies are usually dependent on the outcome of the bankruptcy or reorganization process. Credit arbitrage strategies attempt to exploit pricing inefficiencies between similarly structured credit sensitive securities of different issuers. For example, although the bonds of two different companies may have comparable duration, coupon rates and credit ratings, one bond may trade at a premium to the other. Generally, credit instruments used may include loans, bonds and credit default swaps. A variety of hedging techniques are employed to reduce certain risks, including interest rate and credit risk. A manager may look to exploit the pricing discrepancy by buying the undervalued security and shorting the overvalued security, expecting to make a profit as the prices of the two securities begin to converge. Managers employing a special situations strategy generally utilize distressed-type analysis in order to analyze companies that are not in bankruptcy but are undergoing other event driven transactions such as restructurings, turnarounds and spin-offs.

Event Driven, Multi-Strategy & Arbitrage – Event driven investing is also referred to as corporate life cycle investing and focuses on opportunities created by transactional events such as spin-offs, consolidations, mergers and acquisitions, liquidations, recapitalization, bankruptcies and other significant corporate transactions. Event driven strategies analyze these transactions in order to predict the outcome and commit capital in a way that benefits from that outcome. Event driven strategies are broad in scope and employ a diverse set of securities including common and preferred stock, debt securities, warrants, stubs and derivatives. More focused event driven type strategies include merger arbitrage, distressed securities and special situations. The success of the strategy primarily relies on the accurate assessment of the outcome and timing of the transactions and the proper deployment of capital. Multi-strategy managers may engage in a variety of these investment strategies.

Activist – Activist managers focus on long-term undervalued strategic investments and work to proactively create a catalyst to unlock value. Activist managers attempt to unlock value in companies by developing relationships with management and seek to implement strategic changes that are expected to lead to higher share prices, such as changes in corporate direction and management, corporate restructuring, recapitalization and share buybacks, improvement of operations or a sale of the company. Profits are made when successful value enhancing activities lead to an increase in the price of the company's securities.

Global Macro – A global macro investment strategy seeks to achieve superior capital appreciation. In pursuing its investment objective, the managers seek to anticipate shifts in global markets, and implement investment strategies with a primary focus in a concentrated, directional and thematic selection of assets, that are designed to achieve positive returns during such market events. Implementation of such investment strategies may involve assuming positions in fixed income, equity, foreign exchange and commodity markets and related derivatives.

The Advisor expects that Funds will hold interests in an entity that are of a different class, type or seniority from, or otherwise adverse to, the class, type or seniority of interests held by other Funds. Similarly, from time to time Funds will hold multiple investments across the capital structure of an issuer of varying classes, types or seniorities, but will hold different proportions of each such investment or differing priorities of loans or equity. It is possible that the trading and investment activities of any Fund could conflict with the activities and strategies employed in managing the assets of any other Fund and affect the prices and availability of the securities and instruments in which a Fund invests. For example, from time to time, one Fund may hold unsecured debt or a junior tranche of debt of a borrower, or may become a counterparty to a finance lease with a borrower, while another Fund holds secured debt of the same borrower. This would result in one Fund being senior or junior to another Fund in the capital structure of such entity. In a restructuring,

workout or other distressed scenarios the interests of such Funds would likely be adverse to one another, and one such Fund might recover all or part of their investment while the other would not. Decisions about what action should be taken in a troubled situation, including whether to enforce claims, whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, raise conflicts of interest. Furthermore, in circumstances where the Advisors are negotiating the terms of different investments across the capital structure – for instance, where the Advisors are simultaneously negotiating terms of a senior loan and a junior loan (and/or the related intercreditor agreement) on behalf of different Funds – additional conflicts of interest may arise.

In addressing certain of the potential conflicts of interest described herein, the Advisors and/or the applicable underlying manager may, but shall not be obligated to, take one or more actions on behalf of a Fund, including any one or more of the following: (i) causing a Fund to remain passive in a situation in which it is otherwise entitled to vote, (ii) referring the matter to one or more persons that are not affiliated with the Advisors to review or approve of an intended course of action with respect to such matter; (iii) consulting with the Fund on such matter or otherwise requesting that the investors (or an advisory board) approve such matter; (iv) establishing ethical screens or information barriers to separate the Advisors' investment professionals or assigning different teams of the Advisors' investment professionals, in each case, to Funds that hold different classes, series or tranches of an issuer's capital structure; (v) as between two Funds, ensuring (or seeking to ensure) that the underlying investors therein own interests in the same securities or financial instruments are in the same proportions so as to preserve an alignment of interest; or (vi) causing a Fund to divest itself of a security or financial instrument or particular class, series or tranche of an issuer's capital structure it might otherwise have held, including causing a Fund to sell a security or financial instrument to one or more other Funds (or vice versa), or third party investors or (vii) in circumstances where the Advisors are simultaneously negotiating the terms of potentially conflicting investments (such as negotiating the terms of a senior loan and a junior loan (and/or the related intercreditor agreement)) on behalf of different Funds, taking actions such as (A) retaining separate external counsel for the potentially conflicting investments, (B) seeking consent from an independent third party or the investors themselves, or (C) having separate investment professionals within the Advisors be responsible for the negotiation and approval of the terms of each investment.

The Advisor may invest in public or private equities, public or private credit, derivatives of either, commodities or other various financial instruments, based on the various investment strategies employed by underlying managers. In each of these instances, underlying managers may take hedged or unhedged positions, depending on the mandates of their underlying accounts. Such investment strategies may be, but are not limited to macro (both discretionary and systematic), credit (distressed, structured, investment grade and/or high yield), and other strategies. Each of these asset classes have their own bespoke set of risks, some of which may or may not be offset through the diversification employed by the underlying manager and/or by EnTrust Global. Risks associated with such investments may include counterparty risk, market risk, credit risk, interest rate risk and currency risk, among others. Additionally, there may be unforeseen risks that are not hedged and cannot be mitigated by the underlying manager.

## Risks

Investments in the Funds are speculative and involve a substantial degree of risk, including the risk that an investor could lose some or all of its investment in the Fund. An investment in the Funds should be made only after consulting with independent qualified sources of investment, legal, tax, accounting and other advice. A non-exhaustive list of risks is set forth below including, where applicable, a description of the risk management techniques utilized by the Advisor/underlying managers to attempt to mitigate such risks. For a more comprehensive listing of risk factors relating to an investment in a particular Fund, please refer to the offering documentation for such Fund.

**COVID-19.** As the potential impact on global markets from COVID-19, or future epidemics, pandemics or other health crises, is impossible to predict, the extent to which any such crisis may negatively affect the Funds' 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 are expected 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, are expected to cause uncertainty in the markets and businesses and are generally expected 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, it is possible that governmental fiscal and economic measures will 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 global economies.

The impact that pandemics and other public health events will have on the performance of the Funds 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, all of which are beyond the Funds' control. While the Advisor believes that the dislocation is likely to present potentially attractive investment opportunities, there is no guarantee that this will occur.

Also, although EnTrust Global will continue to perform due diligence and monitor the Funds' underlying managers, COVID-19 and resulting limitations on travel could affect the ability of EnTrust Global to meet in person with the companies in which the Funds invest. EnTrust Global reserves the right to change its protocols with respect to travel and working remotely, in its sole discretion, taking into account the guidance of the government and health organizations such as the Centers for Disease Control and Prevention or otherwise.

**Business, legal, tax and other regulatory risks.** Legal, tax, and regulatory changes, as well as judicial decisions, could adversely affect the Fund, the Advisor, and/or the investment strategies used to implement a Fund's trading program. The regulatory environment for private investment funds continues to evolve, and changes in the regulation of private investment funds may adversely affect the value of a Fund's investments and the ability of a Fund to implement its investment strategy. The financial services industry generally and the activities of private investment funds and their investment advisers, in particular, have been the subject of increasing legislative and regulatory scrutiny. Such scrutiny may increase legal, compliance, administrative and other related burdens and costs as well as regulatory oversight or involvement in a Fund and/or the Advisor or result in ambiguity or conflict among legal or regulatory schemes applicable to a Fund, or the Advisor. In addition, securities and futures markets are subject to extensive statutes, regulations and margin requirements. Various U.S. federal and state regulators, including the SEC, the CFTC, self-regulatory organizations and exchanges, are authorized to take extraordinary actions in the event of market emergencies. Alternative US or non-US rules or legislation regulating a Fund or the Advisor may be adopted, and the possible scope of any rules or legislation is unknown. There can be no assurances that a Fund or the Advisor will not in the future be subject to regulatory review or discipline. The effects of any regulatory changes or developments on a Fund may affect the manner in which it is managed and may be substantial and adverse.

**Conflict in Ukraine Risk.** Russia launched a large-scale invasion of Ukraine on February 24, 2022 and, in response, the United States and other governments have imposed economic sanctions on certain Russian individuals, including Russian government officials and other government-linked individuals, and Russian corporate entities and financial institutions, banned certain Russian financial institutions from global payments systems that facilitate cross-border payments and have taken other economic and political measures. It is possible that such governments could institute broader sanctions or impose other economic and political measures on Russia, which could result in the immediate freeze of Russian securities and/or funds

invested in prohibited assets and/or other consequences. The extent and duration of the military action, the possibility of the conflict expanding beyond Ukraine and Russia, and resulting sanctions and other economic and political measures and future market disruptions in the region and worldwide are impossible to predict, but could be significant and have a severe adverse effect on the region and collateral effects globally, including significant negative impacts on the global economy and the markets for certain securities and commodities, such as oil and natural gas, as well as other sectors. Such effects and impacts could have a material adverse effect on the Funds and their investments.

**Market (beta) Risk.** Certain of the Funds' primary mission is to build a portfolio of managers within a range of non-correlated investment strategies that the Advisor regards as likely to provide favorable investment opportunities in most economic environments. Notwithstanding this goal, there is a risk that a manager's performance will be more closely correlated with the broader markets than was anticipated. Different measuring techniques are employed to monitor market correlations and manager correlations, and stress tests are performed relating to potential changes in market conditions on a regular basis in order to assist in limiting the Funds' exposure to market (beta) risk. The Funds' managers perform their own analyses of market exposure and risk and utilize market risk evaluation tools, which vary from manager to manager but incorporate measuring/monitoring risks by asset class, strategy, geographic region and industry sector, as appropriate. Within the Advisor's due diligence questionnaire are extensive questions related to how the manager measures and monitors risk, and members of the Advisor's operational due diligence team follow-up whenever meeting with managers to determine if they have made any changes to their processes or systems.

**Liquidity Risk.** For certain of the Funds, the Advisor maintains a schedule of the liquidity provisions for each of the underlying portfolios (including notification dates) and the start dates of the Funds' investments as well as withdrawal dates. The Funds' managers also have systems which track the amounts of potential investor withdrawals. Many of these managers have funding capabilities from their prime brokers and/or financial institutions for a certain percentage of the fund's capital (usually 10-15%). Unlike a single hedge fund investment, the Funds are able to withdraw from several invested hedge funds simultaneously to meet withdrawal requests which minimize the potential adverse impact on any single manager. Nevertheless, there is a risk that due to market conditions, one or more underlying managers may be unable to honor a withdrawal request and will, as a result, impose a gate or suspend withdrawals, or take other actions which limit the ability of a Fund to obtain the cash required to fund withdrawals. In order to obtain access to a reliable source of working capital, some Funds have secured a line of credit, intended to serve as a prudent means of assuring a source of working capital for temporary and emergency purposes, such as funding investments in advance of receiving withdrawal proceeds from underlying managers, to meet unanticipated or large-scale withdrawal requests and to fund managers in anticipation of impending capital contributions.

**Uncertainty as to the Value of Certain Portfolio Investments.** Investments into investment vehicles are valued on the basis of the most recent confirmed price or valuation provided by the relevant manager or administrator, or if unavailable, the estimated price or valuation provided by the relevant manager or administrator. Certain of the investments held by underlying funds will take the form of securities, loans or other assets that are not publicly traded or are illiquid. The fair value of such investments may not be readily determinable and will require the exercise of some measure of discretion in arriving at a valuation. Underlying managers or independent third parties generally will value these investments at fair value, including to reflect significant events affecting the value of investments.

Where assets of a Fund are invested either partly or wholly through subsidiary companies or in segregated portfolios, the above policy also applies for the valuation of the investments held by those subsidiary companies or segregated portfolios.

Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, they may fluctuate over short periods of time and may be based on estimates, models

or the value of other securities believed to be comparable, all of which require the exercise of judgment by the party establishing value. In those circumstances in which the valuation is performed by the manager, the manager faces a conflict in establishing value because the valuations have an impact on the fees received by the manager. Even in those circumstances in which a third party establishes the valuation, the conflict may be eliminated, but the valuation may not necessarily be a more accurate reflection of the securities' fair value. Determinations of fair value may differ materially from the values that would have been used if a ready market for these loans and securities existed. Moreover, the actual price at which a security is sold (or could be sold) may differ from the value used by the underlying investment vehicle for purposes of striking the vehicle's net asset value. As a result, an investor redeeming from a Fund prior to realization of such an investment may not participate in the ultimate gains or losses therefrom and Net Asset Value could be adversely affected if determinations regarding the fair value of investments were materially higher than the values that are ultimately realized upon the disposal of such loans and securities.

**Operational Risk.** Inherent in a fund of funds' structure is the operational risk that the policies and procedures of underlying managers may not be followed or, even if followed, may not adequately mitigate a particular risk. The Advisor's operational due diligence team conducts due diligence and regularly monitors the operational infrastructure of managers. However, due diligence is not foolproof and there can be no assurance that the Advisor's due diligence will be sufficient to ensure that all internal controls are being followed and that a fraudulent scheme devised by an underlying manager will be detected.

**Valuation Risk.** The Funds will have limited or no ability to assess the accuracy of valuations received from the underlying managers. Many of the positions held by the underlying vehicles are not traded on an exchange or organized market. In some cases, values are based on pricing models and will be subject to the judgment and discretion of the underlying managers. No assurance can be given that such positions can be sold for the amounts at which they are valued. Moreover, the underlying managers may receive performance-based compensation with respect to such positions based upon unrealized gains. No assurance can be given that such unrealized gains will ultimately be realized. In addition, the Advisor has a Valuation Committee and Valuation Policies and Procedures that govern the process for valuing investment portfolios in accordance with relevant accounting, legal and regulatory guidance. Where investments are made with underlying managers, this review typically involves a review of valuation methodology and approach to ensure reasonableness of the valuation prepared by an independent administrator or other valuation agent. Valuations for Blue Ocean investment vehicles are governed by the Advisors' Valuation Policy. The Valuation Committee may exercise discretion to depart from the Valuation Procedures if doing so would be in the best interest of, and consistent with, the Advisor's fiduciary duty or to reasonably attempt to avoid the investment vehicle suffering a materially adverse effect. Although the Advisor has a Valuation Policy, there is no guarantee that the procedures set forth in this policy will be followed or, even if followed, the valuations will be accurate.

**Access to Information from underlying managers.** The Advisor requests information from each underlying manager regarding the underlying manager's historical performance and investment strategy. The Advisor also requests detailed portfolio information on a continuing basis from each underlying manager retained on behalf of a Fund. However, the Advisor may not always be provided with such information because certain of this information may be considered proprietary information by the particular underlying manager. This lack of access to information may make it more difficult for the Advisor to select, allocate among, and evaluate underlying managers. In addition, the Funds do not control any of the underlying managers, their choice of investments, or any other investment decisions. The investments of a Fund are made pursuant to written disclosures from, and/or agreements with, any underlying manager that will provide, among other things, guidelines by which the underlying manager will make its investment decisions. However, while each underlying manager undertakes to follow specified investment programs, it is possible that an underlying manager could deviate from such program, and such deviation could result in a loss of all or a part of a Fund's investment.

**Volatility.** Volatility both for the Funds and their underlying managers is measured and monitored by members of the Advisor's investment team on a regular basis utilizing various volatility measurements such as standard deviation and beta. However, at times market conditions may introduce significant volatility to a Fund's performance.

**Leverage.** The Funds generally do not employ leverage. Depending on their investment strategy, underlying managers employ leverage to varying degrees. The use of leverage will magnify gains but will also magnify losses. The expense paid on borrowings will erode the income and gains generated by leveraged positions. If asset values decline, a manager may be forced to unwind and liquidate leveraged positions at an inopportune time.

## A.) Blue Ocean Fund Risks

In addition to the general risk factors set forth in Item 8, investors should be aware of the following additional risk factors, which are specific to the Blue Ocean Funds. Please refer to the offering documents of the Blue Ocean Funds for more details regarding these risk factors.

**Risks Related to Investment Activities.** The Blue Ocean Funds may be subject to certain investment risks such as risks associated with senior secured loans, mezzanine debt, leasing of commercial cargo vessels, private debt securities that may be below-investment grade, and joint venture investments with shipping companies and other third parties. Among other things, these risks may include the reliance on the Advisor to adequately diligence and monitor borrowers and other counterparties (which are often private companies) in the maritime industry, the potential impact of bankruptcy/insolvency of borrowers, and the typically illiquid nature of the loans and other investments made by the Blue Ocean Funds. In addition, the Blue Ocean Funds may also make select equity investments, which may not appreciate in value prior to disposition.

**Maritime Industry Risks.** The maritime industry is subject to various risks, each of which could have a material, adverse effect on the Blue Ocean Funds' investments, including, without limitation: events such as marine disasters, bad weather, mechanical failures, structural failures, human error, war, terrorism, piracy and other circumstances or events; compliance with various laws and regulations, including federal, state and local laws and regulations affecting the marine transportation industry, all of which are subject to amendment or changes in interpretation; requirements to obtain and maintain permits, licenses and certificates and perform routine inspections, monitoring, recordkeeping and reporting with respect to vessels and operation; and global trade agreements, tariffs and subsidies that adversely affect the flow of import and export tonnage and the demand for marine transportation services. If the maritime industry continues to experience dislocation, the Blue Ocean Funds' ability to achieve their investment objectives may be adversely affected.

**Additional Shipping Industry Risks.** The Blue Ocean Funds will have a limited number of investments, all of which will be in the maritime industry, primarily in shipping companies and offshore oil services companies. As a result, the Blue Ocean Funds will be particularly vulnerable to economic conditions in the shipping industry, including declines in export/import volumes, strikes, increases in fuel costs, uninsured casualties and the difficulties associated with enforcing liens on liquidating collateral in foreign jurisdictions. The Blue Ocean Funds may make loans to special purpose vehicles that own one or more vessels where the borrower's revenues are limited to income derived from such vessels. If the vessels are not deployed for a period of time, or if revenues fall, the borrower may not have sufficient income to pay operational expenses or to service the debt.

**Credit Risk.** Debt securities are also subject to other creditor risks, including (a) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (b) so-called "lender liability" claims by the issuer of the obligations and (c) environmental liabilities that may arise with

respect to collateral securing the obligations. In addition, in connection with investments in loans there exists the possibility of material misrepresentations or omissions on the part of the borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of the Fund to perfect or effectuate a lien on any collateral securing the loan. The Blue Ocean Funds cannot guarantee the accuracy and completeness of representations made by borrowers.

**Equity Investments.** The Blue Ocean Funds make selected equity investments. The Blue Ocean Funds will generally seek to ultimately dispose of these equity investments (including through a sale of the related vessels) and realize gains upon such disposition. However, the equity investments may not appreciate in value and, in fact, may decline in value. Accordingly, the Blue Ocean Funds may not be able to realize gains from their equity investments. In addition, these equity investments may take the form of joint ventures or similar structures with other shipping companies, in which case the Blue Ocean Funds will be exposed to the risks associated with such structures, with respect to the maritime assets held therein.

**BO 4Impact.** BO 4Impact's sole investment is Purus Marine Holdings LP, a maritime company launched by EG. The risks to which BO 4Impact and Purus Marine are subject generally include the risks relating to the maritime industry discussed above, and the other risks (as applicable) discussed in this Section 8. BO 4Impact and Purus Marine are also subject to other risks, which are more fully set forth in the offering documentation for BO 4Impact, and include among others (i) the risk that Purus Marine will be unable to consummate an initial public offering, company sale, or other exit, and that because Purus Marine is expected to be the only investment held by BO 4Impact, investors in BO 4Impact will therefore be unable to realize liquidity for an extended period of time, (ii) that, as a new business, Purus Marine will be subject to many of the risks associated with newly launched businesses, and there is no guarantee that it (and therefore BO 4Impact) will be successful, and (iii) that because Purus Marine expects to often own vessels and other maritime assets through joint ventures or similar structures with other shipping companies, it will be exposed to the risks associated with such structures, with respect to maritime assets held therein.

**Social, Environmental or Similar Investment Policies.** The Advisor may agree with one or more investors to abide by, or may adopt on behalf of the Funds, certain investment policies or restrictions based on social, environmental, governmental or other considerations. Any such policy or restriction could have the effect of limiting the types of investments in which the Funds may participate and narrow the scope of the Funds' stated investment policy. This could have a material adverse impact on the Funds' performance. The Funds could also be required to limit the participation of one or more investors in certain types of investments (to the extent any such investment is permitted) and any other investors would then be allocated a greater percentage of the profits and losses attributable to any such investment. The Advisor may agree to such a limited participation arrangement with only one or a small number of investors in which case not all investors would benefit from such terms.

## **B.) Special Purpose Acquisition Company ("SPAC") Risk**

The establishment of SPACs and the existence of EnTrust Global SPACs, as opposed to SPACs that are portfolio investments or subsidiaries of Clients, gives rise to various conflicts of interest. In connection with the establishment of a SPAC, the Advisors are incentivized to use their own capital (rather than a Client's capital) to invest in a SPAC, due to, among other things, the prospect of greater economic entitlements associated with EnTrust Global itself investing in the SPAC, rather than causing a Client to invest in a SPAC. As such, conflicts of interest may exist in connection with establishing SPACs and thereafter allocating investments as between EnTrust Global SPACs, on the one hand, and Clients or SPACs owned by Clients, on the other hand, including in determining the investment mandate of a SPAC. It is possible that acquisition targets of EnTrust Global SPACs arise from investment opportunities that should have been presented to Clients, or from investments in which Clients have preexisting interests. While EnTrust Global maintains policies and procedures with respect to allocation of investment opportunities (See Item 6), no assurance can be given that EnTrust Global will allocate investment opportunities to Clients rather than EnTrust Global SPACs. In

addition, EnTrust Global and its personnel could be incentivized to dedicate greater resources to EnTrust Global SPACs in anticipation of receiving more attractive economic entitlements from EnTrust Global SPACs relative to Clients, including compensation that EnTrust Global personnel could receive, as well as fees payable to EnTrust Global affiliates that would not offset management fees. The devotion of time and effort of certain EnTrust Global personnel to sponsoring EnTrust Global SPACs creates a conflict of interest as between Clients on the one hand and EnTrust Global on the other. In addition, certain EnTrust Global personnel currently serve, and in the future may serve, as members of the board of directors of EnTrust Global SPACs (as they could in the case of SPACs in which Clients are invested) and/or any acquisition target of such SPACs that becomes publicly listed on an exchange, and, as such, such personnel could be subject to fiduciary duties with respect to such EnTrust Global SPACs or other entities that conflict with the fiduciary duties that EnTrust Global could otherwise owe with respect to Clients.

## C.) Market and Investment Risks

**Risks of Concentration of Investments.** While the Advisor will seek to diversify the assets of the Fund, there is a risk inherent in the fund of hedge funds approach that the Funds will inadvertently have excess concentration and therefore excess exposure to a particular issuer, security, industry sector or geographic region. Additionally, underlying portfolios, particularly co-investments, may be relatively concentrated in one investment or in a relatively small number of investments. Limitations as to strategy, amount of capital or analytical resources can lead to significant concentration practices by a particular manager. Concentration of investments in a limited number of issuers or securities, industries or industry groups, or countries or regions, particularly in the context of event-related investing, can increase investment risk and portfolio volatility. Accordingly, the Funds' assets may be subject to greater risk of loss than if they were more widely diversified, and the failure or poor performance of any one manager or security could have a material adverse effect on the Fund. Oversight of positions of underlying managers is conducted on an ongoing and real-time basis by research analysts and the operational due diligence team, although even such oversight cannot be a guarantee against investment losses.

**Hedging Limitations.** Although the Advisor may seek one or more managers who employ various hedging techniques, the extent and effectiveness of such hedging strategies may vary substantially. Moreover, not all managers retained by the Advisor will necessarily employ fully hedged or "market-neutral" strategies. Most hedging techniques of managers will be directed primarily toward general market risks or certain issuer risks. Typically, there are numerous investment risks which will not be hedged or necessarily capable of being hedged as a practical matter. To the extent unhedged, investment positions of managers will, in general, be fully exposed to market and investment risks. Hedging techniques have a variety of limitations. Hedging against a decline in the value of a portfolio position by selling short, for example, does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the overall portfolio positions' value. Hedging through market index options may only protect against an overall market downturn, as compared with price declines in specific securities.

Hedge transactions generally also limit the opportunity for gain if the value of the portfolio position should increase, due to the hedging cost or price decline in the hedging position. For a variety of reasons, a manager may not seek or be able to establish a sufficiently accurate correlation between hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent an underlying portfolio from achieving the intended hedge or may expose the Funds to risk of loss. Such losses can include losses on the hedged position, and could be substantial. There can be no assurance, therefore, that investment positions of underlying portfolios will be significantly hedged against investment risks or that such hedging strategies, if any, will in fact prove successful.

**Event Driven Investing.** The Funds utilize managers that employ various investment strategies. The ability of a manager to obtain a profit from these investment strategies may often depend upon factors that are intrinsic to the particular issuer, rather than the market as a whole. Appreciation in the value of such securities may be contingent upon the occurrence of certain events, such as a successful reorganization or merger. If the expected event does not occur, the underlying portfolio may incur a loss on the position.

**Purchases of Securities and other Obligations of Financially Distressed Companies.** Underlying portfolios may purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy, or other reorganization and liquidation proceedings. Acquired investments may include senior or subordinated debt securities, bank loans, promissory notes and other evidences of indebtedness, as well as payables to trade creditors. Although such purchases may result in significant returns to the Fund, they involve a substantial degree of risk and may not show any return for a considerable period of time. In fact, many of these securities and investments ordinarily remain unpaid while the company is in bankruptcy and may not ultimately be paid unless and until the company reorganizes and/or emerges from bankruptcy proceedings. As a result, such securities may have to be held for an extended period of time. The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial distress is high. There is no assurance that the nature and magnitude of the various factors that could affect the prospects for a successful reorganization or similar action will be correctly evaluated.

**Activist Strategy Risks.** The underlying portfolios in which the Funds invest may invest a material portion of their capital in publicly traded equity and debt securities of companies that the applicable underlying manager believes are undervalued by the marketplace and are likely to appreciate, including as a result of a change in ownership, corporate direction or management, or as a result of operational improvements. In making such investment, the applicable underlying portfolio may act alone or together with one or more other investors or investment managers acting as a group. In order to implement any actions deemed necessary to maximize value, the underlying manager, or other members of the investing group, may work with the management team of the target company to design an alternate strategic plan and assist them in its execution and may secure the appointment of persons selected by the underlying manager or other members of the group to the company's management team or board of directors. If necessary, the underlying manager, either alone or as part of a group, may also initiate shareholder actions (including those that may be opposed by company management) seeking to maximize value. Such shareholder actions may include, among other things, re-orienting management's operational focus, initiating the sale of the company (or one or more of its divisions) to a third party, or an acquisition by the underlying portfolio or other members of the investing group. Such an acquisition may be accomplished either by the underlying portfolio (or the members of the investing group) acting alone, or acting in conjunction with management through a leveraged buyout. In order to accomplish the foregoing, the Fund, either alone or together with other members of a group, may acquire a "control" position in the company's securities.

This activist investment strategy may require, among other things: (i) that the underlying manager properly identify portfolio companies whose securities prices can be improved through corporate and/or strategic action; (ii) that the underlying portfolio acquire sufficient securities of such portfolio companies at a sufficiently attractive price; (iii) that the underlying portfolio avoid triggering anti-takeover and regulatory obstacles while aggregating its position; (iv) that management of portfolio companies and other security holders respond positively to the underlying manager's proposals; and (v) that the market price of a portfolio company's securities increases in response to any actions taken by portfolio companies. There can be no assurance that any of the foregoing will occur.

Corporate governance strategies may prove ineffective for a variety of reasons, including: (i) opposition by the management or shareholders of the subject company, which may result in litigation and may erode, rather than increase, shareholder value; (ii) intervention of a governmental agency; (iii) efforts by the subject company to pursue a "defensive" strategy, including a merger with, or a friendly tender offer by, a company

other than the offeror; (iv) market conditions resulting in material changes in securities prices; (v) the presence of corporate governance mechanisms such as staggered boards, poison pills and classes of stock with increased voting rights; and (vi) the necessity for compliance with applicable securities laws. In addition, opponents of a proposed corporate governance change may seek to involve regulatory agencies in investigating the transaction or the underlying portfolio and such regulatory agencies may independently investigate the participants in a transaction as to compliance with securities or other law. Furthermore, successful execution of a corporate governance strategy may depend on the active cooperation of shareholders and others with an interest in the subject company. Some shareholders may have interests which diverge significantly from those of the applicable underlying portfolio, and some of those parties may be indifferent to the proposed changes. Moreover, securities that the underlying manager believes are fundamentally undervalued or incorrectly valued may not ultimately be valued in the capital markets at prices and/or within the timeframe the underlying manager anticipates, even if a corporate governance strategy is successfully implemented. Even if the prices for a portfolio company's securities have increased, no guarantee can be made that there will be sufficient liquidity in the markets to allow the applicable underlying portfolio to dispose of all or any of its holdings therein or to realize any increase in the price of such securities.

The Advisor may, on behalf of a Fund, pursue an activist investment strategy as a direct investment and initiate or pursue any of the actions or strategies set forth above.

**Global Macro Risks.** The success of the underlying managers' global macro investment strategy depends upon the managers' ability to identify and exploit perceived fundamental, economic, financial and political imbalances that may exist in and among markets throughout the world. Identification and exploitation of such imbalances involves significant uncertainties. There can be no assurance that the managers will be able to locate investment opportunities or to exploit such imbalances. In the event that the theses regarding the underlying fund's positions fail to be borne out in developments expected by the manager, substantial investment losses may occur.

**Foreign Securities.** Underlying managers may invest in non-U.S. companies where the protections afforded by the laws of the U.S. do not apply. The Funds are subject to various risks inherent in investing in foreign companies, including fluctuations in currency exchange rates, exchange controls, expropriation, burdensome or confiscatory taxation, moratoria, or political or economic events, all of which could have an adverse effect on the Funds' ability to generate gains. As the Funds determine their gains or losses in U.S. dollars (other than certain Funds), they will be subject to the risk of fluctuations in currency exchange rates between the local currency and dollars and to foreign exchange controls. There can be no assurance that the Funds would not incur losses as a result of adverse changes in currency exchange rates and foreign exchange controls. The Funds are unable to predict the nature of future exchange controls. The imposition of significant increases in the level of exchange controls or other restrictions could have an adverse effect on the Funds.

**Mortgage-Backed Securities.** Price movements of residential and commercial mortgage-backed securities are influenced by, among other things, interest rates, housing price changes, unemployment, wage growth, availability and cost of credit, complexity of the assets and their associated legal documentation, loan level performance data, structuring models, and performance models, counterparty risk including, but not limited to, mortgage originators, mortgage servicers, mortgage insurance providers, and bond insurers, supply and demand in the housing market, changing supply and demand relationships for these assets, level of available leverage for these assets, trade, fiscal, monetary, regulatory and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in the mortgage origination and RMBS markets. Such intervention often is intended directly to influence prices and may, together with other factors,

materially impact asset prices in unpredictable ways or in a direction harmful to the performance of the Funds.

**Small and Medium Capitalization Companies.** Certain managers may invest in the securities of companies with small- to medium-sized capitalizations. While the securities of such companies often provide significant potential for appreciation, smaller-capitalization securities involve higher risks in some respects than do investments in the securities of larger companies. For example, prices of small-capitalization and even medium-capitalization securities are often more volatile than prices of large-capitalization securities, and the risk of bankruptcy or insolvency of many smaller companies (with the attendant losses to investors) is higher than that for larger, “blue-chip” companies. In addition, due to thin trading in some small-capitalization securities, an investment in such securities may be relatively illiquid.

**Illiquid Portfolio Securities.** To the extent that underlying managers invest in private securities or restricted securities, the valuation of such securities will be determined by the applicable manager, whose determination, despite the conflict to which the manager is subject when establishing such values, will be final and conclusive as to all parties. The value established may not reflect accurately the amount that could be realized if the securities were sold. Due to the lack of an established trading market it could take a significant amount of time to find a buyer or buyers for such securities, and such sale may be at a significant discount to the perceived value of the security.

**Collateralized Debt Obligations.** Underlying portfolios may invest in collateralized debt obligations (including without limitation collateralized loan obligations (“CLO”) and collateralized bond obligations (“CBO”)(collectively, “CDOs”). CDOs may be fixed pools or may be “market value” or managed pools of collateral which entitle the holders thereof to receive payments that depend primarily on the cash flow from the pool of assets, which may include commercial loans, high yield and investment grade debt, Structured Securities (as defined below) and derivative instruments relating to debt. Holders of CDOs bear various risks, including, among other risks, credit risk, liquidity risk, interest rate risk, market risk, operations risk, structural risk and legal risk. The debt securities issued by CDOs are typically separated into tranches representing different degrees of credit quality, with lower rated tranches of debt securities being subordinate to senior tranches. The senior tranches of debt securities of CDOs, which represent the highest credit quality in the pool, have the greatest collateralization and pay the lowest spreads over LIBOR. Lower rated CDO tranches represent lower degrees of credit quality and pay higher spreads over LIBOR to compensate for the attendant risks. The bottom tranches specifically receive the residual interest payments (i.e., money that is left over after the higher tiers have been paid) rather than a fixed interest rate. The returns on the junior tranches of CDOs are especially sensitive to the rate of defaults in the collateral pool.

**Structured Securities Generally.** Underlying portfolios may invest in interests in securitization vehicles organized and operated solely for the purpose of restructuring the investment characteristics of other debt securities, mortgage-backed securities, CDOs, etc. (collectively, “Structured Securities”). This type of restructuring generally involves the deposit with or purchase by an entity, such as a corporation or trust, of specified instruments and the issuance by that entity of one or more classes of securities backed by, or representing interests in, the underlying instruments. The cash flow on the underlying instruments may be apportioned among the newly issued security to create securities with different investment characteristics such as varying maturities, payment priorities and interest rate provisions, and the extent of the payments made with respect to such securities is dependent on the extent of the cash flow on the underlying instruments. Certain classes of such securities may be subordinated to the right of payment of another class. Subordinated structured investments typically have higher yields and present greater risks than unsubordinated structured investments.

Many Structured Securities are highly complex instruments and may be sensitive to changes in interest rates, prepayment rates or both. There is no guarantee that a liquid market will exist for any Structured Securities that an underlying portfolio may wish to sell.

**Credit Default Swaps.** Certain underlying portfolios may enter into credit default swap agreements. The “buyer” in a credit default swap contract is obligated to pay the “seller” a periodic stream of payments over the term of the contract provided that no event of default on an underlying reference obligation has occurred (a “credit event”), in return for a contingent payment upon the occurrence of a credit event with respect to the underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay, obligation acceleration or modification or restructuring.

An underlying portfolio may be either the buyer or the seller in the transaction. As a seller, the underlying portfolio receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the underlying portfolio, as seller, typically must pay the contingent payment to the buyer, which is typically the “par value” (full notional value) of the reference obligation. The contingent payment may be either a cash settlement or physical delivery of the reference obligation in return for payment of the face amount of the obligation. If an underlying portfolio is a buyer and no credit event occurs, the portfolio will lose its investment and recover nothing. However, if a credit event occurs, the underlying portfolio, as buyer, will receive the full notional value of the reference obligation that may have little or no value.

Credit default swap agreements may involve greater risks than those associated with a direct investment by the underlying portfolio in the reference obligation. Credit default swap agreements are subject to general market risk, liquidity risk and credit risk. As noted above, if an underlying portfolio is a buyer and no credit event occurs, it will lose its investment. In addition, the value of the reference obligation received by an underlying portfolio as a seller if a credit event occurs, coupled with the periodic payments previously received, may be less than the full notional value paid to the buyer, resulting in a loss of value to such underlying portfolio and the Fund.

**Short Selling.** Certain of the underlying managers engage in short selling or selling securities they do not own. While short selling may be used for risk management or hedging purposes, as well as to create profit opportunities, there is substantial risk to this strategy because the manager may be required to cover its short positions (the purchase of the securities to replace those borrowed and delivered on sale) involuntarily or otherwise and there is no limitation on the potential upward movement of the purchase price. Short selling can also involve significant borrowing and other costs which can reduce the profit or create losses in particular positions.

**Options and Other Derivatives.** One or more of the underlying managers may invest for speculative and/or risk management purposes in options, financial futures and/or other derivative instruments (collectively, “Derivatives”). The amount of leverage and volatility on Derivatives and, therefore, potential for gain and risk of loss may be substantially greater than that of the underlying asset. Derivatives may also be more volatile and less regulated than traditional debt and equity securities.

Options trading entails an entirely distinct set of risks. Options positions may include both long positions, where the underlying portfolio is the holder of put (an option to sell a security at a specified price) or call (an option to buy a security at a specified price) options, as well as short positions, where the underlying portfolio is the seller (“writer”) of an option. Although option techniques can increase investment return, they can also involve a relatively higher level of risk. The expiration of unexercised long option positions effectively results in the loss of the entire cost or premium paid for the option. The writing or selling of an uncovered put or call option can involve, similar to short selling, a theoretically unlimited risk of an increase in the cost of selling or purchasing the underlying securities in the event of exercise of the option.

**Futures and Options on Futures.** One or more of the underlying managers may invest in certain futures contracts, including stock index futures contracts, futures contracts on government securities, interest rates, foreign currencies, metals and energy products, and may trade options on such futures contracts, including purchasing call options, writing (selling) naked or covered call options and purchasing or selling put options

on such futures contracts. The underlying managers may also purchase or sell options on securities and securities indices. In addition, they may enter into forward contracts, currency transactions and various swap and swap-like arrangements.

Futures contracts markets are highly volatile and are influenced by a variety of factors, including national and international political and economic developments. In addition, because of the low margin deposits normally required in futures trading, a high degree of leverage is typical of a futures trading account. As a result, a relatively small price movement in a futures contract may result in substantial losses to the underlying portfolio. Moreover, futures positions are marked to market each day and variation margin payment must be paid to or by the underlying portfolio.

Prior to exercise or expiration, a futures or option position can be terminated only by entering into an offsetting transaction. This requires a liquid secondary market on the exchange on which the original position was established. If a liquid secondary market does not exist for such futures or options, it might not be possible for the underlying portfolio to liquidate a position. No assurance can be given that an active market will exist for the contracts at any particular time. Certain futures exchanges do not permit trading in particular futures contracts at prices that represent a fluctuation in price during a single day's trading beyond certain set limits. If prices fluctuate during a single day's trading beyond those limits, the underlying manager could be prevented from promptly liquidating unfavorable positions and thus be subjected to substantial losses. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions a person or group may hold or control in particular commodities.

Unlike trading on domestic futures exchanges, trading on foreign futures exchanges is not regulated by the CFTC and may be subject to greater risks than trading on domestic exchanges. For example, some foreign exchanges are principal markets so that no common clearing facility exists and a trader may look only to the broker for performance of the contract. In addition, unless the underlying portfolio hedges against fluctuations in the exchange rate between the U.S. dollar and the currencies in which trading is done on foreign exchanges, any profits that the underlying portfolio might realize in trading could be eliminated by adverse changes in the exchange rate, or the underlying portfolio could incur losses as a result of those changes.

Use of other derivative instruments presents many of the same risks as those discussed above regarding futures contracts, including those risks relating to volatility, liquidity, hedging and foreign trading.

## **D.) Structural and Operational Risks**

**Other Clients of Managers; Performance May Vary from Period to Period.** Underlying managers generally make trading decisions on behalf of the underlying portfolios in which the Funds invest. These managers may also manage other accounts (including other funds and accounts in which the managers may have an interest) which, together with the Funds could increase the level of competition for the same trades, including the priorities of order entry. This could make it difficult to take or liquidate a position in a particular security.

The managers and their principals may employ different trading methods, policies and strategies for different funds or accounts. Therefore, performance results for the Funds may differ from those of the other accounts traded by the same managers. As the funds under management by a particular manager increase, the manager may have increasing difficulty implementing an investment strategy which may have been successful in the past, or difficulty finding sufficient investment opportunities which are attractive. Alternatively, a manager who has been successful may limit the amount of capital it is willing to manage and may decline to accept an additional investment from the Funds.

There can be no assurances that a manager's future results will be similar to his or her past performance. Moreover, even where a manager has achieved excellent results over an extended period, because of cyclical movements and volatility, period to period results may differ materially.

**Due Diligence in Portfolio Manager Selection Process.** The Advisor conducts due diligence which it believes is adequate to select managers with which to invest Fund assets. However, due diligence is not foolproof and may not uncover problems associated with a particular manager or its investment strategies. The Funds and the Advisor may rely upon representations made by hedge fund managers, accountants, attorneys, prime brokers and/or other investment professionals. If any such representations are misleading, incomplete, or false, the Advisor may select a manager that may otherwise have been eliminated from consideration had fully accurate and complete information been made available to the Funds. Similarly, the Advisor conducts ongoing due diligence in an effort to detect material changes in a manager's personnel or operations which could be material to the Funds. However, such diligence may not be effective in identifying all material problems before they occur or promptly after they have occurred. In addition, although the Advisor intends to employ reasonable diligence in evaluating and monitoring managers, no amount of diligence can eliminate the possibility that one or more managers may engage in improper or fraudulent conduct, including unauthorized changes in investment strategy, misappropriation of assets and unsupportable valuations of portfolio securities.

**Direct Investments.** Though the Funds generally invest through private investment entities and/or separately managed accounts managed by third-party investment management professionals specializing in various alternative investment strategies, in certain instances the Funds may make investments directly. In such instances, investment teams within EnTrust Global serve in the capacity of manager for the relevant investments. In general, the Funds may invest directly where EnTrust Global's internal investment teams have proprietary access to appropriate investments or where it is otherwise deemed efficient to do so. The risks set forth with respect to underlying funds managed by third-party managers would also apply generally to the Funds' direct investments, where applicable and as the context requires.

**Risk Management.** The sophistication of the risk management techniques employed by managers varies from manager to manager. However, even the most sophisticated risk management techniques cannot protect against loss in all circumstances. All risk management models are premised upon assumptions with respect to economic and political conditions, market sentiment, correlations among securities and other assets and other factors. The occurrence of an aberrational event not anticipated by a model can cause a portfolio to sustain a significant loss. Such events may include volatility in energy prices, sharp swings in interest rates or other factors.

**Cybersecurity Risk.** As part of its business, the Advisor processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of investors. Similarly, service providers for the Advisor may process, store and transmit such information. The 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 Advisor may be susceptible to compromise, leading to a breach of the Advisor's network. The Advisor's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services provided by the Advisor to the investors may also be susceptible to compromise. Breach of the Advisor's information systems may cause information relating to the transactions of the Funds and personally identifiable information of the investors to be lost or improperly accessed, used or disclosed.

The service providers of the Advisor are subject to the same electronic information security threats as the 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 for the Funds or personally identifiable information of investors may be lost or improperly accessed, used or disclosed.

The loss or improper access, use or disclosure of the Advisor's or the Funds' proprietary information may cause the Advisor or the Fund 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 Fund and the investors' investments therein.

**Risks Related to Electronic Communications.** The Advisor, a Fund and/or the Fund's administrator will provide to investors statements, reports and other communications relating to a Fund and/or the Interests/Shares in electronic form, such as e-mail or through the use of an electronic investor portal ("Electronic Communications"). The foregoing use of an electronic investor portal (despite being password protected) involves the risk that statements, reports and other communications relating to a Fund and/or the Interests/Shares may be stolen or otherwise obtained by unauthorized parties. In addition, Electronic Communications may be modified, corrupted, or contain viruses or malicious code, and may not be compatible with an investor's electronic system. Furthermore, Electronic Communications may be intercepted, deleted or interfered with without the knowledge of the sender or the intended recipient. In addition, reliance on Electronic Communications involves the risk of inaccessibility, power outages or slowdowns for a variety of reasons. These periods of inaccessibility may delay or prevent receipt of reports or other information by the investors.

**Substantial Fees, Expenses and Incentive Compensation.** By investing in the Funds, which in turn employ managers, an investor will, in effect, incur two forms of investment management services, namely, the services provided by the Advisor in identifying managers, performing due diligence and making investment decisions and the services provided by the managers in selecting investments on behalf of their portfolios. Managers will likely receive incentive based compensation or allocations from or with respect to the Funds' investment in their portfolios. It is possible that, in any accounting period, one or more managers may receive incentive compensation even though a Fund as a whole suffers a loss. Incentive fees may encourage a manager to make riskier or more speculative investments than would be the case in the absence of such arrangements or to allocate investment opportunities to one underlying portfolio instead of another.

Additionally, the fees and expenses of operating the Funds may be substantial. The Funds may incur fees and expenses including, without limitation, the fees and expenses set forth in Item 5 and the fee under the Services Agreement.

**Non-Disclosure of Other Arrangements.** One or more managers may, without notice to the Funds, enter into agreements with certain investors granting them, among other things, greater portfolio transparency, fee waivers or reductions, interests having different voting rights or restrictions, additional rights to reports and other information and other more favorable investment terms (including withdrawal rights) than the terms offered to the Funds. Such manager shall have no obligation to offer such additional rights, terms or conditions to all of its investors, including the Funds.

**Classes of Interests are not Separate Legal Entities.** Other than as set forth in the offering documentation for a particular Fund, the Funds are single legal entities and creditors of a Fund may generally enforce claims against all assets of such Fund. In the unlikely event that the assets attributable to one Class of Interests were completely depleted by trading losses and a trading deficit remained, a creditor could enforce a claim against the assets of the other Classes.

**Effects of Substantial Withdrawals.** Substantial withdrawals by investors at any one time could require the Funds to liquidate their positions more rapidly than otherwise would be desirable, which could adversely

affect the value of both the Interests being withdrawn and the remaining Interests. In addition, this could make it more difficult for the Funds to generate profits or recoup losses, and could even cause the Funds to liquidate its positions prematurely.

**Potential Conflicts of Interest.** There are several potential conflicts of interest between the Advisor and the Funds. Among those that should be considered are:

*Conflicts with Other Investment Entities or Clients.* Mr. Hymowitz, as the Chief Executive Officer of EnTrust Global, will devote a substantial amount of time to the operations and management of other investment vehicles that have objectives similar to, or different from, any particular Fund.

Senior management of the Advisor devotes such time to the business of the Funds as it deems necessary. However, additional clients or other business responsibilities at the Firm may have the effect of reducing the time devoted to the investment activities of any particular Fund.

In addition to responsibilities with respect to the management and investment activities of any particular Fund or account, the Advisor will have similar responsibilities with respect to various other existing and future pooled investment vehicles. The existence of such multiple vehicles and accounts necessarily creates a number of potential conflicts of interest. Due to various fee schedules among the various Funds, the Advisor may be incentivized to favor one portfolio over another. From time to time, different Funds with different fee schedules may invest in similar products.

The Advisor, Mr. Hymowitz and employees (or employees of the Advisor's affiliates) may invest in one or more classes, tranches or series of the Funds (collectively, "Tranches"). In order to better align his interests with those of investors, Mr. Hymowitz has made substantial investments/commitments to certain of the Funds and may be the largest investor in a Tranche. While such investment may not represent a material portion of the total assets of the Fund, being the largest investor in the Tranche may create certain conflicts in the allocation of investment opportunities and other matters. The Advisor intends to mitigate any such conflict in a manner which is fair to and does not disadvantage other investors. The Advisor, Mr. Hymowitz and such employees also provide similar services to, or fulfill similar roles in respect of, other investment vehicles managed by the Advisor and its investment advisory affiliates (collectively, "EnTrust Global"). Accordingly, although it is anticipated that the Tranches and other investment vehicles will participate in investments that are appropriate for the particular Fund and such other investment vehicles on a pari-passu basis, other investment vehicles may produce investment results that are substantially different from those of a particular Fund. To the extent that other investment vehicles managed by EnTrust Global trade in similar markets and investments at or about the same time, these other investment vehicles may compete with the Tranches with respect to those investments. Investment opportunities will be allocated in accordance with the Fund's and such investment vehicles' respective investment objectives and strategies and the Advisor's investment allocation policy (see Item 6). In accordance with such policy, there may be circumstances in which one or more accounts or vehicles do not participate in particular investment opportunities on a pro rata basis with the Fund, or at all.

In order to further align the interests of the Advisor with its investors, in June 2021 the Advisor formed EnTrust Global KE Fund LLC, a Delaware limited liability company (the "Employee Fund"), that serves as a vehicle through which investments are made by the Advisor's eligible employees, alongside investment vehicles managed by the Advisor (including without limitation and as applicable, the Funds, the Blue Ocean Funds, Strategic Partnerships and investment vehicles which may be formed in the future (collectively, the "Clients")). Employees who invest in the Employee Fund may otherwise select those investments in which they participate and are under no obligation to invest in every investment or any investment opportunities in which the Employee Fund participates. For purposes of the Advisor's Investment Allocation Policy (See Item 6), the Employee Fund will be treated as a client in that target investment allocation percentages will be determined for the Employee Fund and Clients in parallel and Employee Fund participation in investments

will not be conditioned on Clients first receiving their entire, targeted investment allocation. The Employee Fund will pay its pro rata share of all third party expenses related to each investment made by the Employee Fund but will not be subject to the Services Fee. As such, the Employee Fund will receive the benefit of services paid for by the Funds.

In addition, Mr. Hymowitz and/or eligible employees may invest alongside the Clients in investment vehicles managed by underlying managers or directly in securities in which these investment vehicles invest (collectively, "Employee Investments"). Generally, such Employee Investments will only be made where the investment opportunity is also offered to Clients.

These arrangements present potential conflicts of interest in that the Employee Fund and Employee Investments could take a portion of investment opportunities that would otherwise belong to Clients or participate in such investment opportunities on more favorable terms. To mitigate these potential conflicts of interest, i) no such investments will be made where it is determined by the investment team members for that particular investment strategy that the investment is capacity-constrained at the time the investment opportunity is sourced, nor will the Employee Fund or any Employee Investments ii) take any position with respect to an underlying investment that is adverse to a Client's position in such investment, including investing in a different part of the capital structure or taking a short position where a Client has a long position in the same security or vice versa or iii) make any such investment with knowledge or information, the possession of which would violate the Advisors' compliance policies, or that is used exclusively to benefit the Employee Fund or Employee Investments. In addition, the Employee Fund will not participate in any investment on more favorable terms than Clients with respect to fees of third party managers or liquidity. Employee Investments will not incur fees incurred by the Employee Fund or Clients attributable to investment vehicles managed by underlying managers but will receive the benefit of services provided to Clients by underlying managers. Because employees have the ability to select the investments in which they will participate, either through the Employee Fund or as Employee Investments, there is a risk that employees will invest in only those investments in which they have the highest conviction. While this does not mean that each investment in which they invest will be successful, there is a risk that the investments made by employees will outperform the returns generated by Clients.

The CCO or his designee, with the assistance of other colleagues as appropriate, will periodically review the Employee Fund's investments and Employee Investments for compliance with the parameters set forth above and take appropriate action, if necessary, to ensure the furtherance of the objective to continue to align the interests of the Advisors and the Clients.

*Customized Arrangements.* The Advisor provides advice to certain investors as part of a customized arrangement reflective of such investor's particular objectives and overall profile. These investment vehicles established for such arrangements may or may not invest side-by-side (i.e., in parallel) with one or more of the Funds or accounts managed by the Advisor. The agreements entered into with such investors may grant rights not afforded to other investors. Such rights may include, without limitation, increased transparency (e.g., the right to receive reports on a more frequent basis or to receive reports that include information not provided to other investors), the right to withdraw capital on a more frequent basis than other investors, the right to terminate the arrangement on short notice and such other rights as may be negotiated between the Advisor and such investor. In addition, the fees and expenses paid by such investors may be less than those paid by other investors in the Funds.

*Conflict with Portfolios Managed by a Client of the Advisor or its Affiliates.* The Advisor, in its sole discretion, may invest the assets of the Funds in underlying portfolios in which clients of the Advisor or its affiliates are sponsors, or in which clients, principals or employees of the Advisor or its affiliates have a financial or investment interest. In such instance, the clients, principals or employees of the Advisor or its affiliates may directly or indirectly benefit from such financial or investment interest even though the Funds may never realize any gain from such underlying portfolio. Additionally, when the availability of an investment with a

particular manager is limited, the Advisor may allocate such opportunity, among the Funds and other appropriate EnTrust Global investment vehicles or managed accounts, in such manner as the Advisor deems equitable to all parties.

*Conflicts Regarding Political and Charitable Contributions.* Neither the Advisor nor its employees are permitted to make political contributions (subject to any exceptions granted by the CCO). The Advisor and/or its affiliates may make charitable contributions pursuant to requests by potential or existing investors or their representatives. Such contributions, while made for charitable or philanthropic purposes, have the potential to influence such investor's or potential investor's decision on whether the Advisor and/or its affiliates manage their assets, continue to manage their assets or the amount of assets managed by the Advisor and/or its affiliates as well as, in certain circumstances, the ability of prospective investors to invest in the Fund. Investors should consider this before investing in the Funds.

*Conflicts Regarding Timing of Investments.* The Funds or other investment vehicles managed by the Advisor and/or its investment advisory affiliates may invest in the same underlying portfolio with respect to the same investment idea at different times, generally because of differences across such Funds/other investment vehicles in the availability of cash or the timeframe in which capital can be called from investors as set forth in the offering documentation. In such circumstances, the net asset value at which the particular Fund/other investment vehicle subscribes for an interest in the underlying portfolio may vary because of different net asset values of the underlying portfolio on different days or may reflect an average of the cost basis of subscribing to the underlying vehicle at different times.

*Conflicts Regarding Incentive-Based Compensation.* Because certain investment personnel of the Advisor or its investment advisory affiliates will receive incentive-based compensation, investors and such personnel have a conflict of interest between their responsibility to manage a Fund for the benefit of investors and their interest in maximizing the compensation that the Advisor will receive. For example, carried interest to the Advisor or its investment advisory affiliates may create an incentive for the Advisor to engage in riskier or more speculative investments than might be the case if the Advisor, its affiliate or such personnel were compensated on a basis not tied to the performance of the Fund.

*Employee Loans.* The Advisor has entered into loan agreements with several employees at each employee's request and may make additional loans to one or more employees in the future. Such arrangements could present potential conflicts of interest if, for example, such employees, by virtue of their loan agreement, were then incentivized to recommend certain products to investors or to raise a certain amount of capital for the Funds/other investment vehicles managed by the Advisors. For each loan agreement, the term and interest rates were fixed and contractual terms relating to the repayment of principal, interest or otherwise are similar to "market standard" terms typically found in loan agreements of these types. Each loan agreement was funded by the Advisors' capital and none were forgivable loans, either all or in part, tied to job performance targets, such as whether any of these employees raised a certain amount of capital, achieved any targeted returns, generated a certain level of revenue for the Advisor or the Funds/other investment vehicles managed by the Advisors, or whether the employee remained employed by the Advisor for a specified time period. Any such loans may be made for recruiting or retention purposes and the terms may vary depending upon the circumstances of the particular employee and the rationale for making the loan, although no loan amount is or will be in an amount material to the Advisors' operations.

## **E.) Regulatory Risks**

**ERISA Plans and Tax-Exempt Entities.** A tax-exempt entity may be subject to Federal and state laws, rules and regulations that regulate its participation, or its ability to engage directly or indirectly through an investment in the Funds, in investment strategies of the types which the Funds' underlying portfolios may utilize from time to time. Tax exempt entities are encouraged to consult with their own advisers as to the advisability

and tax consequences (and, if applicable, ERISA consequences) of an investment in the Funds. Trustees or administrators of ERISA entities, owners of individual retirement accounts and other tax-exempt or tax-deferred entities are urged to carefully review potential investments in the Funds.

**ERISA Compliance.** The Funds may be subject to the fiduciary, prohibited transaction, reporting and disclosure rules of ERISA. Accordingly, to the extent necessary, the Advisor intends to manage the assets of the Funds in accordance with these rules. Although the Advisor believes it to be unlikely, this may require the Advisor to forego, from time to time, investments or other arrangements on behalf of the Funds that might otherwise have been desirable for the Funds. In addition, the pool of available managers may be limited which may in turn limit the Funds' ability to invest in accordance with their investment objective and strategy.

**Consequences for Investors as a result of Automatic Exchange of Information (AEOI).** "AEOI" means one or more of the following, as the context requires:

1. sections 1471 to 1474 of the US Internal Revenue Code of 1986, as amended, and any associated legislation, regulations or guidance, commonly referred to as the US Foreign Account Tax Compliance Act, the Common Reporting Standard ("CRS") issued by the Organisation for Economic Cooperation and Development or similar legislation, regulations or guidance enacted in any other jurisdiction which seeks to implement equivalent tax reporting and/or withholding tax regimes;

2. any intergovernmental agreement, treaty or any other arrangement between the Cayman Islands and any of the US, the UK or any other jurisdiction (including between any government bodies in each relevant jurisdiction), entered into to facilitate, implement, comply with or supplement the legislation, regulations or guidance described in paragraph (1.); and

3. any legislation, regulations or guidance implemented in the Cayman Islands to give effect to the matters outlined in the preceding paragraphs.

A Fund may take such action as it considers necessary in relation to an investor's holdings or redemption proceeds, as a result of relevant legislation and regulations, including but not limited to, disclosure by a Fund, the Fund's administrator or such other service provider or delegate of a Fund, of certain information relating to an investor to the Cayman Islands Tax Information Authority or its delegate or equivalent authority and any other foreign government body as may be required by AEOI. Such information may include, without limitation, confidential information such as financial information concerning an investor's investment in the Fund, and any information relating to any investors, principals, partners, beneficial owners (direct or indirect) or controlling persons (direct or indirect) of such investor.

A Fund may also compulsorily redeem any Interests/Shares held by an investor in accordance with the terms of the applicable Offering Memorandum and may deduct relevant amounts from a recalcitrant investor so that any withholding tax payable by the Fund or any related costs, debts, expenses, obligations or liabilities (whether internal or external to the Fund) are recovered from such investor(s) whose action or inaction (directly or indirectly) gave rise or contributed to such taxes, costs or liabilities. Failure by an investor to assist the Fund in meeting its obligations pursuant to AEOI may therefore result in pecuniary loss to such investor.

Rules and regulations similar to the above may apply to investors in Funds domiciled in other jurisdictions.

## Item 9. Disciplinary Information

There are no legal or disciplinary events believed to be material to a client's evaluation of EnTrust Global.

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

EnTrust Global is a global organization with affiliates regulated by the SEC, the U.K. Financial Conduct Authority ("FCA"), the Monetary Authority of Singapore, the Korean Financial Supervisory Commission, the French Autorité des Marchés Financiers, the Dubai Financial Services Authority, the Australian Securities and Investments Commission, the Japan Financial Services Agency and the Securities Commission of the Bahamas.

In January 2020, EnTrust Global acquired a 25% interest (now 22.5%) in Alma Capital Management ("Alma"), a Luxembourg based and Commission de Surveillance du Secteur Financier regulated fund management company. The Advisor expects that this acquisition will expand its ability to offer investors more liquid alternative strategies, including UCITS funds.

As a large asset management firm, EnTrust Global, from time to time, provides information to various government agencies and regulators or response to information requests, document requests, subpoenas, or requests for interviews from various government agencies and regulators.

EnTrust Global Ltd. ("EGL") is regulated by the UK FCA as a full service Alternative Investment Fund Manager ("AIFM"), holds an Australian Wholesale Client Exemption, and is authorized by the Central Bank of Ireland to serve as investment manager to Irish domiciled funds. EGL acts as investment manager to certain offshore products where Offshore is the sub-advisor. EGL may provide discretionary investment advisory services as investment manager to offshore private investment funds and may provide discretionary or non-discretionary advisory services in offering customized strategic alternative solutions through a multi-strategy fund of hedge funds platform or otherwise. EGL delegates day-to-day discretionary management for certain of its clients, including the EnTrust Global Funds, to the Advisor, which receives a percentage of EGL's gross revenue with respect to these clients as a fee for its services.

EGL incorporated a subsidiary, EnTGA Pty Ltd, in November 2021 which serves as a representative office of EGL for the purposes of business development in Australia and to act as EnTrust Global Ltd's representative to market wholesale clients in such region.

EGL was granted by the Dubai Financial Services Authority a license to operate as an Authorised Firm and opened a branch office in the Dubai International Financial Centre ("DIFC"). The DIFC branch focuses on business development in the Middle East.

EnTrust Global SAS ("SAS") is regulated by the French Autorité des Marchés Financiers, including full AIFM authorization. SAS may provide discretionary investment advisory services as investment manager to offshore private investment funds and may provide discretionary or non-discretionary advisory services in offering customized strategic alternative solutions through a multi-strategy fund of hedge funds platform or otherwise. SAS is under common control with the Advisor.

EG Sponsor LLC, a Delaware limited liability company, is the sponsor of a special acquisition company, EG Acquisition Corp.

EnTrust Global (Singapore) Pte. Ltd., regulated by the Monetary Authority of Singapore, provides regional business development support and is under common control with the Advisor.

SaintCo Ltd., a Bahamian corporation regulated by the Securities Commission of the Bahamas and a subsidiary of EnTrust Global, provides directorship services for a fee to certain private investment funds in which certain investment vehicles managed by EnTrust Global invest and for which the Advisor serves as portfolio monitor. These portfolio monitoring services, for which the Advisor is reimbursed for certain expenses, are provided in connection with our Permal Managed Account platform in which the investment vehicles are managed by unaffiliated third-party managers.

In addition to responsibilities with respect to the management and investment activities of any particular Fund or account, senior management will have similar responsibilities with respect to various other existing and future pooled investment vehicles and separately managed accounts and will devote such time to the business of the Funds as is deemed necessary. However, additional clients or other business responsibilities at the Firm may have the effect of reducing the time devoted to the investment activities of any particular Fund.

Refer to [Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss](#) and [Item 11 – Code of Ethics](#) for a further discussion on potential conflicts of interest.

## **Item 11. Code of Ethics, Interest in Client Transactions and Personal Trading**

The Advisor recognizes that, as a fiduciary, it must serve the interests of its clients. The Advisor further recognizes that it must adhere to the highest standard of care and diligence in conducting its business activities and must be particularly sensitive to situations in which the interests of its advisory clients may be directly or indirectly in conflict with those of the Advisor. Compliance obligations are a priority of the Advisor and, as such, the Advisor has adopted written policies and procedures in accordance with those standards.

In addition, the Advisor has adopted a Code of Ethics intended to limit or mitigate potential conflicts of interest arising from ownership of securities by the Advisor's employees that may also be purchased or sold for advisory clients (either directly or through an underlying portfolio). The Code of Ethics may generally be summarized as a "no trading" policy, although it also contains guidelines and reflects expectations regarding business entertainment, gifts and the standard of conduct required of employees.

The Code of Ethics is based on the notion that the Advisor's employees must act in the best interests of advisory clients and should avoid engaging in business activities, including making personal investments, that create or appear to create a conflict of interest, and is intended to prevent and detect such conflicts or potential conflicts of interest. The Code of Ethics generally prohibits employees of the Advisor from purchasing or selling securities on a discretionary basis for their own accounts, including all securities accounts in their own name and under their control or management. This does not include accounts that hold exclusively open-ended mutual funds, exchange traded funds or notes or government securities, bitcoin or other accounts over which the employee has no direct or indirect investment discretion (nor does it include the Employee Fund- See Item 8). On a quarterly basis, employees submit to the CCO or his designee "no trading" statements to confirm that they are in compliance with the policy. In addition, employees are required to provide links to such accounts that hold any "reportable" securities and complete periodic reports listing their holdings and/or transactions. The CCO or his designee reviews such reports and information on a periodic basis. The CCO may also grant exceptions to the Code of Ethics and take appropriate corrective action with respect to any violations of the Code of Ethics.

Notwithstanding the foregoing, the Advisor believes that it is important that employees invest in securities that the Advisor purchases for clients and, therefore, align their interests with and share in the same investment risks and benefits as clients. Accordingly, the Advisor permits eligible employees to invest in any of its Funds.

Copies of the Code of Ethics are available upon request by contacting Bruce Kahne, Global General Counsel/CCO (tel. 212.224.5548).

The Advisor may determine that it would be in the best interests of one Fund and one or more other Funds to transfer an investment from one account to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Funds, or to reduce transaction costs that may arise in an open market transaction. If the Advisor decides to engage in a Cross-Trade, the Advisor will determine that the trade is in the best interests of both Funds involved and take steps to ensure that the transaction is permitted under all applicable laws and regulations and is consistent with the Advisor's fiduciary duties.

In an effort to avoid any potential conflicts of interest, employees of the Advisor are prohibited from using their position at the Advisor to give to or receive from any person or company that does business with the Advisor or that the employee hopes to do business with on behalf of the Advisor, including prospective investors, their investment consultants or representatives, a gift, favor, special accommodation or similar item of value, so frequently or of such high value as to raise a question of impropriety. Gifts and business entertainment must be consistent with customary business practices and employees are instructed that care

should be taken that the entertainment or gift does not appear to be intended to unduly influence the recipient in the exercise of his or her judgment and discretion. The Advisor maintains a hospitality suite at Madison Square Garden ("MSG") for which it pays a set annual lease payment. While the lease of the suite was initially intended to help establish and maintain business relationships, use of the suite is often made by the Advisor and its employees, employee family members and friends. Unused tickets may be donated to charity or sold. Prospective investors, investors and/or investment consultants are subject to the rules and guidelines of their own organizations, if any, regarding business entertainment. It is the responsibility of each attendee at an MSG event or participant in another form of business entertainment, not the Advisor's responsibility, to ensure compliance with such rules and guidelines including, for example, paying their own way if required. As a general matter, if an employee of the Advisor provides tickets to an MSG event or other form of business entertainment to persons with whom he or she has professional relationships, he or she should attempt to accompany the recipient of the tickets to the event with at least some reasonable frequency.

The Advisor does not permit employees to make political contributions, although the CCO has the ability to grant exceptions to this policy.

In addition to the policies described above, the Advisor has adopted and implemented written policies and procedures designed to prevent the misuse of material nonpublic information by the Advisor or persons associated with the Advisor (pursuant to Section 204A of the Advisers Act), as well as the intentional spreading of misinformation or rumors intended to influence the market price of a security. The Advisor's Insider Trading Policy explains the concepts of an "insider" and "material, nonpublic information," contains procedures for employees to evaluate the types of information received and requires employees immediately, and prior to affecting any trade or communicating such information, to notify the CCO.

The Advisor's policies and procedures regarding the making of political contributions, social media, and insider trading, among others, are reinforced in training sessions and by the execution of quarterly employee certifications confirming compliance with such policies and procedures.

Violations of the Advisor's Code of Ethics or other policies and procedures may be addressed by various corrective measures. The nature of the corrective action will depend on the severity of the violation committed, in the judgment of the CCO, senior management, the Compliance and Conflicts Committee and, as appropriate, outside counsel. Factors to be considered in determining the appropriate corrective action may include, but not be limited to, whether investors were harmed, whether the violation was intentional, whether the incident was isolated or part of a pattern, and recidivism on the part of the employee.

## **Item 12. Brokerage Practices and Trade Error Policy**

In providing investment advisory services to the Funds, the Advisor generally does not select broker-dealers to execute securities transactions. Broker-dealers are selected by the underlying managers. For Funds that may make direct investments in securities, the Advisor will select broker-dealers. This includes investing for the Blue Ocean Funds, in addition to the below:

- Underlying funds that are closed to new investors but available for purchase on the secondary market;
- Closed-ended funds listed on a securities exchange;
- ETFs;
- US or foreign listed and private securities; and
- Securities received in lieu of or as part of a distribution or liquidation from an underlying fund or special purpose vehicle.

The CCO or his designee will periodically evaluate the nature and amount of such direct trading to determine the additional compliance obligations to be conducted regarding the necessary monitoring and oversight of such direct trading. To fulfill any applicable “best execution” obligation, the Advisor generally must execute securities transactions in such a manner that the clients’ total cost or proceeds in each transaction is the most favorable under the circumstances. In deciding what constitutes best execution, the determinative factor is not the lowest possible commission cost but whether the transaction represents the best qualitative execution. The Advisor’s direct investment business has traditionally been very limited, resulting in fewer potential options among brokers. In evaluating available options, the Advisor will take into account such relevant factors as price of the security, commission rate, the ability of the broker to handle the order, reliability and financial responsibility, confidentiality, the ability of the broker to handle execution of aggregated or volume orders and research and other services, if any, provided by such broker to the Advisor.

### Soft Dollars

The Advisor’s current policy is not to use commissions generated by trading for client accounts to pay for third party research services.

### Brokerage for Client Referrals

The Advisor does not use brokerage relationships for client referrals. However, the Advisor does have distribution relationships and placement agreements with broker-dealers as further discussed in [Item 14 – Client Referrals and Other Compensation](#).

## Item 13. Review of Accounts

### Review and Monitoring of Underlying Managers

Mr. Hymowitz and the Advisor's investment analysts monitor positions of underlying managers on a regular basis and contact managers frequently to discuss, among other things, strategy developments, market outlook and current thinking. Meetings are held periodically with managers as appropriate.

One of the Advisor's key investment criteria is transparency, and the Advisor's investment team has established relationships with underlying managers such that there is ongoing communication concerning specific investment ideas, their market views/opinions and business issues in order to gain a better sense of their outlook regarding the general investment environment. The Advisor requires managers to comply, at a minimum, with regular, basic exposure requirements that portray an accurate snapshot of the portfolio. The Advisor typically receives performance updates from underlying managers on a monthly or quarterly basis, in addition to updates that are part of ongoing communication. Additionally, the Advisor generally (although not in all cases) receives exposure reports, risk management reports and a listing of the largest positions, both long and short and, where available, full position reports. The investment team reviews and analyzes this data and, in instances where there are divergences from customary trading, unusual position sizes, or types of securities, members of the investment team will speak with the underlying managers to understand the underlying reasons for them. The effects of any divergences are monitored closely and members of the investment team remain in direct contact with the managers.

In addition, the Advisor takes a proactive approach to risk management and, through the use of proprietary software and a dedicated operational due diligence team, has instituted extensive risk management procedures which pervade all aspects of the initial and ongoing due diligence process as it relates to the selection and monitoring of underlying managers. The Advisor uses internally and externally developed systems to monitor risk on both the individual manager level as well as the fund of funds level.

Model portfolios of managers and strategies are constructed within varying parameters, and these model portfolios are measured for correlations, risk and performance. The models are employed to analyze how the prospective fund would optimally impact the relevant portfolio vis-à-vis correlation, volatility and performance.

### Investor Communications

The Advisor strives to provide investors with a high level of transparency by generally providing a variety of communications on a timely basis. A summary of these communications (depending on the particular Fund, the timing and frequency of reports may vary) is set forth below:

**Performance Update** - On a monthly or quarterly basis, depending on the Fund, clients receive a preliminary performance summary.

**NAV Statement** - Additionally, the independent administrator(s) for the Funds sends out a monthly NAV statement (quarterly for the Special Opportunities and Blue Ocean Funds) including the value of the Interests and account balance.

**Annual Summit** - An Annual Summit meeting is generally held each year (although not in 2020 or 2021 due to the COVID-19 pandemic) to give investors a chance to personally interact with the underlying managers and our maritime specialists. The Annual Summit gives underlying managers, our maritime specialists and other thought leaders the opportunity to present new ideas and have in depth discussions on current market opportunities.

**Performance Summary** - On a monthly or quarterly basis, depending on the Fund, clients receive a written performance summary, which may include, depending on the Fund, information such as detailed performance and portfolio exposure information, including underlying manager allocations and strategy exposures.

**Market Developments Summaries** – The Advisor provides clients with a written summary of newsworthy market developments as they occur and invites clients to ask questions concerning such developments. Such summaries were provided, for example, regarding newsworthy events such as the 2008 credit crisis and the 2020 global pandemic.

**Website** - The Advisor also makes available to Fund investors and distributors certain information on a password-protected portion of its website ([www.entrustglobal.com](http://www.entrustglobal.com)). This information generally includes: Funds' monthly balances and monthly performance of the Funds and underlying investments, fund updates, and the like.

## Item 14. Client Referrals and Other Compensation

The Advisor has arrangements with third-party placement agents where the Advisor may compensate such agents for referring prospective investors to the Funds. Any such compensation is paid by the Advisor and not the Funds, the amount of which is negotiated by the Advisor. All such arrangements are memorialized in a written agreement subject to the prior review and approval of the CCO or his designee and in compliance with relevant anti-fraud requirements.

The Advisor and/or its affiliates also have agreements in place with certain banks/financial intermediaries for the distribution of Funds domiciled outside the US to clients (predominantly non-US) of such banks/financial intermediaries. This forms part of EnTrust Global's global fund distribution network worldwide. Any compensation paid by EnTrust Global to these financial intermediaries is generally paid by the Advisor or its affiliates out of the investment management fee received from the Funds.

The Advisor has also engaged third-party solicitors to market its services and such solicitors may receive a fee based on the average net asset value of a referred client's account. Any such arrangement is disclosed to the relevant client. The Advisor pays the solicitors' fees directly and the client is not subject to any increased or additional fees nor will the use of a solicitor, if any, be a factor in fee negotiations.

## Item 15. Custody

The Advisor may be deemed to have custody of client assets as a result of serving as general partner or investment manager of the Funds and the Blue Ocean Funds. The Advisor generally complies with the custody requirements of the Advisers Act by providing GAAP-compliant audited financial statements for the Funds to their respective clients within the required time period following the end of the fiscal year. Additionally, SAS 99 requires auditors to plan and perform their audit to obtain reasonable assurances about whether the financial statements are free of material misstatements, whether caused by error or fraud. Investors in the Funds receive account statements directly from the independent administrator for those Funds. Investors should carefully review all account statements they receive.

Assets of these Funds are custodied with an independent third-party custodian by registering the ownership of each underlying portfolio in which these Funds invest with the custodian for the benefit of these Funds.

The Advisor may also be deemed to have custody of some or all the assets of clients if one or more of the following apply:

- the Advisor or an affiliate serves as managing member for client portfolios organized as an LLC;
- employees of the Advisor or an affiliate serve on the Board of Directors for client portfolios organized as corporate entities;
- clients are invested in special purpose funds; or
- employees of the Advisor or its affiliates are authorized to move cash to pay expenses or open accounts on behalf of the clients.

## Item 16. Investment Discretion

The Advisor and its affiliates exercise investment discretion in managing the Funds and the Blue Ocean Funds, which is established through the limited partnership agreement, investment management agreement or equivalent document. In exercising discretion, the Advisor will observe the investment policies, limitations and restrictions imposed by the relevant Fund. In the case of a separately managed account, discretionary authority is set forth in the managed account agreement, which the client may limit as set forth in that agreement.

Under certain circumstances, the Advisor may only provide non-discretionary or advisory services to a client.

## Item 17. Proxy Voting

In providing investment advisory services to the Funds, the Advisor generally does not vote proxies with respect to the securities held by the underlying portfolios. Proxies are typically voted by underlying managers in accordance with their proxy voting policies. From time to time, the Advisor may receive requests for consent from underlying managers with respect to the underlying portfolios managed by such managers in which the Funds invest. All such requests are evaluated by the Global General Counsel or his designee, and outside counsel will be consulted as necessary, with respect to whether providing such consent: (i) is in the best interest of the Fund; and (ii) raises any potential conflict of interest with respect to the Advisor's/Fund's relationship with such underlying manager or portfolio. At all times, the Advisor will be guided by a determination based on the best interest of the Funds.

The Advisor will view proposals as being in the best interests of the Fund and generally will vote in favor of proposals that:

- maintain or strengthen the shared interests of Fund investors and management of the underlying portfolio;
- increase shareholder value;
- maintain or increase shareholder influence over the underlying portfolio's board of directors and management;
- maintain or increase the rights of shareholders generally; and
- allow the underlying manager to take advantage of investment opportunities believed to be attractive.

Votes generally will be cast against proposals having the opposite effect, or proposals that increase fees, restrict liquidity or increase risk in an inappropriate or unacceptable manner.

With respect to Funds that make direct investments in securities and the Blue Ocean Funds, as applicable, the Advisor may vote proxies. The Advisor may elect to not vote on routine, non-contested matters. These Proxy Voting Policies and Procedures are designed to ensure that proxies are voted in an appropriate manner and should complement the Advisor's investment policies and procedures.

The Advisor will abstain from voting proxies when the Advisor believes it is appropriate.

In exercising its voting discretion, the Advisor shall identify and avoid any direct or indirect conflict of interest raised by such voting decision and will resolve such conflicts before voting. Such conflicts of interest may result from any personal or business relationship between the Advisor, its employees or affiliates, and the underlying manager. In such circumstances, prior to voting, the Advisor will present the matter to the Legal and Compliance Committee for a determination. If the conflict is not material, the Committee may determine the manner in which the proxy is voted. In the case of a material conflict, the Committee may direct the Advisor to submit the matter to the Fund's investors for a determination. If the investors consent or fail to respond within a reasonable time, the Advisor will vote the proxy as described above. If a majority of investors object to the Advisor's proposed vote response, the proxy will be voted according to the investors' direction.

Alternatively, the Advisor may, in lieu of pass-through voting, elect to vote the interests held by the Fund in the same manner as other investors (i.e., in the same proportion as the "yes" and "no" votes provided by other investors in the underlying portfolios). In all cases, the Advisor will evaluate the facts and circumstances specific to the Funds before deciding whether and how to vote.

The Advisor will evaluate its proxy voting policy on an ongoing basis to determine whether any policy change is warranted.

## Item 18. Financial Information

The Advisor is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients and has not been the subject of any bankruptcy petition.

## Item 19. Requirements for State-Registered Advisers

This section is not applicable to the Advisers.