



Part 2A of Form ADV Brochure

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This brochure provides information about the qualifications and business practices of MKP Capital Management, L.L.C. If you have any questions about the contents of this brochure, please contact the Client Solutions team at 212-303-7100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about MKP Capital Management, L.L.C. also is available on the SEC's website at www.adviserinfo.sec.gov [Reg. No. 801-58039]. MKP Capital Management, L.L.C. is an SEC-registered investment adviser. This registration does not imply any level of skill or training.

ITEM NO. 2: MATERIAL CHANGES

MKP Capital Management, L.L.C. ("MKP" or the "Adviser") is required to identify and discuss any material changes made to its brochure between annual updates.

The following reflects material changes since the last annual update of this brochure in March 29, 2022:

As of December 31, 2022, Thomas D. DeVita has retired from MKP, and references to Mr. DeVita have been removed from this brochure.

This Brochure has also been amended to remove references to MKP Capital Bahamas, Inc., which is being wound down.

Item 8 has been revised to delete risk disclosure relating to the COVID-19 pandemic.

Item 17 has been revised to reflect that the Adviser has engaged a third-party provider to help develop the Adviser's proxy voting policy and with satisfying its ongoing proxy voting obligations.

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ITEM NO. 4: ADVISORY BUSINESS

MKP Capital Management, L.L.C. ("MKP" or the "Adviser"), a Delaware limited liability company, is a diversified alternative investment manager. The Adviser has operated with a long-term approach to alternative investing since its founding in 1995, and has been registered with the Securities and Exchange Commission as an investment adviser since 2000. Patrick McMahon and Richard Lightburn control MKP by virtue of their being managing members ("Managing Members") of MKP Capital Management GP, L.L.C., a Delaware limited liability company, which serves as the general partner of MKP Capital Management, L.P. ("IM LP"), a Delaware limited partnership which is the sole member of MKP. MKP is headquartered in New York, New York and maintains an office in Miami, Florida.

The Adviser has entered into a sub-advisory relationship with MKP Capital Europe LLP ("MKP Europe"). MKP Capital Europe LLP is principally owned by MKP Capital UK Ltd., which is wholly owned by the Adviser. MKP Europe was formed in October 2010 and commenced operations in the second quarter of 2011. MKP Europe has been authorized and regulated with the U.K. Financial Conduct Authority since March 2011. The Adviser and MKP Europe are filing a single Form ADV under an umbrella registration. Please see Schedule R of Part 1A for more information. Currently, the Adviser is the sole advisory client of MKP Europe.

The Adviser has entered into a sub-advisory relationship with MKP Capital Asia Pte. Ltd. ("MKP Asia"). MKP Asia is wholly owned by the Adviser. MKP Asia was formed in April 2018 and commenced operations in the third quarter of 2018. MKP Asia has been licensed and regulated with Monetary Authority of Singapore (MAS) since August 2018. The Adviser and MKP Asia are filing a single Form ADV under an umbrella registration. Please see Schedule R of Part 1A for more information. Currently, the Adviser is the sole advisory client of MKP Asia.

MKP Strategies, L.L.C. (the "General Partner"), a Delaware limited liability company and an affiliate of the Adviser, serves as the general partner of certain U.S. private investment funds (as further described below). The Managing Members are also managing members of the General Partner.

The Adviser provides discretionary investment advice to pooled investment vehicles that invest in a wide range of financial instruments. Generally, the Adviser serves as the management company with discretionary trading authority to U.S. private investment partnerships structured as Delaware limited partnerships and as the investment manager with discretionary trading authority to non-U.S. private investment funds organized as Cayman Islands companies or limited partnerships (collectively, the "MKP Funds"). The MKP Funds are organized as "master feeder" structures. The Adviser also serves as the discretionary trading adviser to certain separate accounts structured as investment vehicles (the "Separate Accounts" and together with the MKP Funds, the "Funds").

The Funds invest in different strategies across global markets, including U.S. and global rates, emerging markets, foreign exchange, structured, corporate or other credit, equities, and commodities (see Item 8 for more detailed disclosure relating to investment strategies and types of investments). Investment advisory services are provided directly to the Funds and not individually to the Funds' investors. MKP has full discretionary authority with respect to investment decisions, and its advice with respect to each Fund is tailored according to such Fund's investment objectives, guidelines, and requirements, as set forth in such Fund's offering memorandum or investment management agreement (as applicable).

MKP or a Fund has entered and may further enter in the future into “side letter” agreements with certain investors in such Fund providing for terms of investment that are more favorable than the terms provided to other investors in such Funds with respect to, among other things, the fees charged, redemption rights, voting rights, minimum and additional subscription amounts, informational rights (including position level), currency denomination, fund expense cap, capacity rights and other rights. In addition, the Separate Accounts have substantially similar investment programs to those of the MKP Funds and may be governed by terms different from those of such MKP Funds, including with respect to transparency, fees charged and redemption rights.

The Adviser also serves as the Collateral Manager for a non-U.S. investment fund (the "CBO") that invest substantially all of their assets in collateral meeting specified criteria ("Portfolio Collateral") and other eligible investments ("Eligible Investments") purchased with the proceeds of the securities issued by the CBO (commonly referred to as a "Collateralized Bond Obligation"). The Adviser monitors the Portfolio Collateral and perform certain operational activities with the trustees of the CBOs.

The Adviser managed approximately \$2,876,000,000 total net assets on a discretionary basis as of December 31, 2022.

ITEM NO. 5: FEES AND COMPENSATION

This brochure is being delivered solely to qualified purchasers, as defined in the Investment Company Act of 1940, as amended (the “Company Act”).

Management Fees

The fees and expenses applicable to each Fund are set forth in detail in each of the Fund's respective offering documents, the fees and expenses applicable to each Separate Account are set forth in the applicable investment management agreement. A brief summary of those fees and expenses is provided below.

Generally, the Adviser receives from each Fund a management fee payable monthly in advanced at an annual rate ranging from 0.5% to 1.875% of the net asset value of the shares or interests of the applicable Fund. Certain MKP Funds offer strategic investor classes, which are subject to lower management fees (generally, in addition to higher minimum investments).

In the sole discretion of the Adviser, the management fee has been and may in the future be calculated differently with respect to, or may not be charged to, certain investors, including employees and members of the General Partner, the Adviser and each of their affiliates, members of the immediate families of the employees and members of the General Partner, the Adviser and each of their affiliates or trusts or other entities organized or established for their benefit.

With respect to the CBO, the Adviser receives collateral investment management fees based on the value of the portfolio collateral. In consideration for such fees, the Adviser monitors the Portfolio Collateral. The CBO is no longer actively managed.

Incentive Compensation

With respect to the Funds, the Adviser or the General Partner is entitled to receive an annual incentive fee or allocation, respectively, from each applicable Fund equal to 17.5% to 30% of the net realized and unrealized capital appreciation, if any, of the capital accounts or the net asset value of the shares (as applicable) of each such Fund. Certain Funds offer strategic investor classes, which are subject to lower incentive fee or allocation (as applicable) (generally, in addition to higher minimum investments). In each case, the incentive compensation payable or allocable to the Adviser or the General Partner, as applicable, is subject to a "high watermark" or an "underperformance recovery amount". For certain Funds, the incentive compensation is subject to a benchmark hard hurdle, in which case the benchmark is the amount the shares of such Fund would have earned during such period had such shares achieved a return equal to a global equity index.

Certain Funds offer a "1 or 30" option, which in the case of substantial capital appreciation is designed to cap total compensation (management fees plus incentive allocations) at 30% of an investment's gains. The incentive compensation for these Funds is subject to a hurdle for certain investors.

Incentive compensation is also paid or allocated to the Adviser or the General Partner, as applicable, upon an interim-year redemption or withdrawal as if such date were the end of the fiscal year, subject to certain adjustments.

In the sole discretion of the General Partner or the Adviser with respect to the Funds, the incentive compensation has been and may in the future be calculated differently with respect to, or may not be charged to, certain investors, including the General Partner, the Adviser, the Managing Members, employees of the Adviser and founding investors.

Fees and compensation paid to the Adviser or its affiliates by the Funds are generally deducted from the assets of such Funds. As discussed above, management fees are generally deducted on a monthly basis and incentive compensation is generally deducted on an annual basis.

Additional Fees and Expenses

As fully described in each of the MKP Fund offering documents, each MKP Fund bears all of its own, and (if applicable) its *pro rata* share of its master fund's expenses, which may include, without limitation, entity-level taxes, investment expenses (*e.g.*, expenses related to the investment of such MKP Fund's assets, such as brokerage commissions (including, without limitation, prime brokerage and futures commission merchant fees and expenses), analytic tools, expenses related to the research, due diligence and monitoring of actual and prospective investments (whether or not consummated) (including, without limitation, information technology hardware, software or other technology incorporated into the cost of obtaining such research and market data) (see Item 12 for additional information), third-party software and services relating to pricing, trade execution, trade confirmation, and trade reconciliation, interest expense, consulting and other professional fees relating to particular investments whether or not consummated), as well as costs and expenses arising from compliance with applicable investment laws or regulations (*e.g.*, short sale notice filing requirements) and costs related to security and custody of cryptocurrencies (including third-party wallet providers) and fees and expenses relating to technology hardware, software or other technology to acquire cryptocurrencies), legal and other professional services expenses (including, without limitation, any such expenses relating to regulatory filings in connection with such MKP Fund (including the regulatory filings described below)), accounting expenses, audit expenses

(including a portion of the third-party expense relating to the examination of the Adviser's control environment (i.e., SOC 1) which assists the auditors in their audit of the MKP Funds) and tax preparation expenses, a portion of insurance premium costs (e.g., directors and officers insurance, cybersecurity insurance and professional liability insurance and fidelity bonds, as applicable), corporate licensing, mutual fund registration fees, registered office fees, custodial fees, fees of the Board of Directors and AML Officer fees, fees of the administrator, which includes services relating to regulatory and compliance matters (including, without limitation, the preparation of the filing of Form PF, Form CPO-PQR, Section 13 filings, Section 16 filings and other similar regulatory filings), the review of anti-money laundering and tax status of investors, and other third-party administrative expenses, and other expenses relating to the offer and sale of securities of the MKP Fund (including costs and expenses arising from compliance with applicable marketing or offering laws or regulations (e.g., regulatory filings required pursuant to the Alternative Investment Fund Managers Directive of the European Union)) and extraordinary expenses related to the MKP Fund (including, without limitation, indemnification expenses, and fees and expenses incurred in connection with any tax audit by any U.S. federal, state or local authority, including, without limitation, any related administrative settlement and judicial review). In practice, all or a substantial portion of the expenses relating to any MKP Fund that is a feeder fund in a master feeder structure are aggregated and paid for at the applicable master fund level and, accordingly, each of the feeder funds in such master feeder structure bears its *pro rata* share of such expenses at the master fund level, even though, in certain circumstances, particular expenses are attributable solely to any one of the feeder funds or a particular sub-set of investors therein.

Each Separate Account is responsible for expenses as set forth in the applicable investment management agreement.

Prepayment of Fees

The Funds pay the Adviser a management fee monthly in advance based on the net asset value of each investor's shares or interests. In the event that the advisory contract between the Adviser and a Fund is terminated prior to the end of the billing period, the Adviser will pay investors in such Fund an amount equal to the *pro rata* portion of the management fee, based on the number of days remaining in such month and such Fund will distribute such amounts to its investors.

Additional Compensation and Conflicts of Interest

Neither the Adviser nor any of its supervised persons accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

ITEM NO. 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As discussed in Item 5 above, the Adviser is entitled to receive performance-based fees or allocations from the Funds. Further, certain Funds have different performance-based compensation arrangements than other Funds engaging in substantially similar investment strategies, including but not limited to higher fees, hurdles, preferred returns or payment on unrealized (vs. realized) appreciation of Fund assets.

As a result, the potential exists for the Adviser to seek to favor one Fund over another Fund in allocating investment opportunities or otherwise. Furthermore, such performance-based compensation arrangements may create an incentive for the Adviser or its affiliates to make

investments that are riskier or more speculative than would be the case if such an arrangement were not in effect, particularly in any period after losses have been suffered since losses from prior periods must be recovered before any performance fee is payable. In addition, for certain MKP Funds, because the incentive compensation is calculated on a basis which includes unrealized appreciation of the Fund's assets, it may be greater than if such compensation were based solely on realized gains.

The Adviser recognizes that it is a fiduciary and as such, must act in the best interests of the Funds. The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple Funds, including an allocation policy.

ITEM NO. 7: TYPES OF CLIENTS

As described above, the Adviser serves as the management company, investment manager or trading adviser to pooled investment vehicles. The pooled investment vehicles are typically structured as domestic limited partnerships, offshore exempted companies or offshore limited partnerships. Generally, limited partnership interests in any domestic limited partnerships are offered on a private placement basis, and in reliance on Section 3(c)(7) of the Company Act, to persons who generally are "accredited investors" as defined under the Securities Act of 1933, as amended (the "Securities Act"), and "qualified purchasers" as defined under the Company Act, and who are subject to certain other conditions, which are fully set forth in the offering documents for the applicable Fund. Shares in offshore Funds are generally offered to persons (x) who are not "U.S. Persons," as defined under Regulation S of the Securities Act, or who are tax-exempt U.S. Persons (or entities substantially comprised of tax-exempt U.S. Persons) on a private placement basis and in reliance on Section 3(c)(7) as described above, and (y) who are subject to certain other conditions which are fully set forth in the offering documents for the applicable Funds. Investors in the Funds may include some or all of the following: institutional investors, pension and profit-sharing plans, trusts, estates, charitable organizations, high net worth individuals, investment companies, corporations or business entities other than those listed previously, private investment funds or other entities.

The Adviser also serves as the Collateral Manager for the CBO, which is no longer actively managed. Further, the Adviser is the sole client of each of MKP Europe and MKP Asia.

The Adviser does not impose a minimum dollar value of assets or other conditions for opening or maintaining an account and the account minimums for the Separate Accounts are individually negotiated. However, the MKP Funds generally have minimum initial subscription requirements of \$5,000,000 to \$10,000,000, subject to the discretion of the General Partner or the board of directors (as applicable) of each MKP Fund to accept lesser amounts in each case. The Adviser reserves the right to impose, in the future, a minimum investment or other conditions for opening or maintaining an account.

ITEM NO. 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The investment strategies, methods of analysis, and material risks applicable to each Fund are set forth in detail in each of the MKP Fund's respective offering documents and each Separate Account's respective investment management agreement. A general summary of those investment strategies, methods of analysis, and material risks is provided below.

The descriptions set forth in this brochure of specific advisory services that the Adviser offers to the Funds, and investment strategies pursued and investments made by the Adviser on behalf of the Funds, should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, whether or not described in this brochure, that the Adviser considers appropriate, subject to each Fund's investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entail substantial risks. Investors in the Funds should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Fund will be achieved.

Investment Strategies

The Adviser invests across global markets, including U.S. and global rates, currencies, credit instruments, currencies (including virtual currency, spot transactions and virtual currency derivatives), commodities, equities (including IPOs), and their associated derivatives. The main investment strategy has the objective of producing high risk-adjusted returns over the long term in a risk-controlled manner. The Adviser may utilize significant leverage in its investment program and will hold long and short positions.

The Adviser's global macro strategy uses a top-down fundamental approach to identify and exploit imbalances in global economies and asset classes. The Adviser seeks to achieve its investment objective by assessing investment and trading opportunities across global asset classes and allocating capital to strategies believed to offer the most attractive risk-adjusted returns. To affect the global macro strategy, the Adviser generally invests in a diversified portfolio of global interest rate products, credit instruments, currencies, commodities, equities, and their associated derivatives. The applicable MKP Funds have established share classes that seek to adhere to identified socially responsible investment criteria and certain other investment restrictions. Additionally, several of the MKP Funds apply risk parameter guidelines that generally allow for greater risk relative to the flagship global macro MKP Fund.

Investment Process

Generally, the Adviser's investment process consists of development of macroeconomic view to formulate investment themes. This often includes identifying both long term and cyclical relationships among macroeconomic and financial variables. In addition, the Adviser's investment process includes risk discipline, such that the Adviser determines the appropriate levels of risk and evaluates returns relative to the risk taken to achieve them.

The Adviser's portfolio managers manage the Funds and have primary responsibility for the day-to-day investment decisions made on behalf of the Funds. Patrick McMahon serves as the Adviser's Chief Investment Officer (the "CIO"). The CIO oversees the entire investment process and has ultimate authority in all aspects of the Funds' portfolios, including their risk profiles and capital allocations. The CIO exercises his authority with the advice and assistance of the Adviser's investment committee (the "Investment Committee"), which consists of Patrick McMahon, Richard Lightburn (Chief Executive Officer), and Lin Li (Chief Risk Officer). The Investment Committee (or a sub-set thereof) meets regularly with the Portfolio Managers and provides broad oversight of the Portfolio Managers, all of whom report directly or indirectly to the CIO.

Risk of Loss

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds advised by MKP. These risk factors include only those risks MKP believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by MKP.

All investing involves a risk of loss that investors should be prepared to bear. The investment strategies offered by MKP could lose money over short or long periods of time. Identifying undervalued securities and other assets is difficult, and there are no assurances that MKP's investment strategies will succeed. MKP cannot give any guarantee that it will achieve Fund investment objectives or that any Fund will receive a return of its investment.

Investors should ultimately refer to their Fund's respective offering documents for detailed risk disclosures that specifically address the risks of each Fund's investment strategies, methods of analysis, and/or particular types of securities recommended. Below is a summary of potentially material risks for the various MKP investment strategies used, the methods of analysis used, and/or the particular type of security recommended. Please note that MKP's use of the term "investor" in this section may refer to either a limited partner or a shareholder in a Fund (as applicable).

Risks Associated With Investments in Securities and Loans. Any investment in securities carries certain market risks. An investment in the Funds is highly speculative and involves a high degree of risk due to the nature of the Funds' investments and the strategies to be employed. An investment in a Fund should not in itself be considered a balanced investment program, but rather is intended to provide diversification in a more complete investment portfolio. Investors should be able to withstand the loss of their entire investment.

Mortgage-Backed Securities and Asset-Backed Securities — General.

The investment characteristics of mortgage-backed securities ("MBS") and asset-backed securities ("ABS") differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time because the underlying mortgage loans or other assets generally may be prepaid at any time.

As with MBS, ABS are often backed by pools of a variety of assets, including, for example, auto loans, equipment leases and servicer advances, which represent the obligations of a number of different parties and use credit enhancement techniques such as subordination and overcollateralization. The value of an asset-backed security is affected by changes in the market's perception of the assets backing the security and the creditworthiness of the servicing agent for the loan pool and the originator of the loans. ABS present certain risks that are not presented by MBS. ABS do not have the benefit of a security interest in the underlying loans, whereas MBS are secured by the loans in the pool. Credit card receivables, for example, are generally unsecured and the debtors are entitled to the protection of a number of state and federal consumer loan laws, many of which give such debtors the right to set off certain amounts owed on the credit cards, thereby reducing the balance due. Even if the receivables backing an asset-backed security are secured by collateral, the holders of the asset-backed security may not receive the benefit of liquidated collateral. For example, most issuers of ABS backed by automobile receivables permit the servicers to retain possession of the notes and the titles for the vehicles. If the servicer were to sell, by mistake or

through fraud, these obligations to another party, the purchaser could acquire an interest superior to that of the holders of the related ABS. In addition, because of the large number of vehicles involved in a typical automobile receivable securitization issuance and technical requirements under state laws, the trustee for the holders of the ABS may not have a perfected first priority security interest in all of the obligations backing such ABS. Therefore, there is a risk that recoveries on repossessed collateral may not be available to make payments on the ABS. Therefore, the risk of investing in ABS is ultimately dependent upon payment of the underlying consumer loans or other receivables by the debtors, and investors in ABS are less likely to benefit from recoveries on any collateral if the consumer defaults on the loan.

The receivables supporting ABS are of shorter maturity than mortgage loans and are less likely to experience substantial prepayments than mortgage loans.

In general, "premium" ABS (securities whose market values exceed their principal or par amounts) are adversely affected by faster than anticipated prepayments, and "discount" ABS (securities whose principal or par amounts exceed their market values) are adversely affected by slower than anticipated prepayments. The adverse effects of prepayments may adversely affect a Fund's portfolio. The portfolio may underperform relative to hedges that MKP may have constructed for these investments, resulting in a loss to a Fund's overall portfolio. In particular, prepayments (at par) may limit the potential upside of many ABS to their principal or par amounts, whereas their corresponding hedges often have the potential for unlimited loss.

A Fund may also invest in variable rate MBS and ABS, including adjustable-rate mortgage securities, which are backed by mortgages with variable rates, and certain classes of collateralized mortgage obligation ("CMO") derivatives, the rate of interest payable under which varies with a designated rate or index. The value of these investments is closely tied to the absolute levels of such rates or indices, or the market's perception of anticipated changes in those rates or indices. This introduces additional risk factors related to the movements in specific indices or interest rates which may be difficult or impossible to hedge, and which also interact in a complex fashion with prepayment risks.

Structural and legal risks of ABS include the possibility that, in a bankruptcy or similar proceeding involving the originator or the servicer (often the same entity or affiliates), a court having jurisdiction over the proceeding could determine that, because of the degree to which cash flows on the assets of the issuing vehicle may have been commingled with cash flows on the originator's other assets (or similar reasons), (i) the assets of the issuing vehicle could be treated as never having been truly sold by the originator to the issuing vehicle and could be substantively consolidated with those of the originator, or (ii) the transfer of such assets to the issuer could be voided as a fraudulent transfer. The time and expense related to a challenge of such determinations also could result in losses and/or delayed cash flows.

Collateralized Mortgage Obligations and Mortgaged-Backed Securities Derivatives. The CMO and stripped MBS markets were developed specifically to reallocate the various risks inherent in MBS across various bond classes ("tranches"). For example, CMO "companion" classes typically experience much greater average life variability than other CMO classes or MBS pass-throughs. Interest only pass-through securities experience greater yield variability relative to changes in prepayments. "Inverse floaters" experience greater variability of returns relative to changes in interest rates. A Fund's use of these or other "derivative" securities will magnify the prepayment risks, interest rate risks, and hedging risks associated with MBS.

Subordinated Securities. Investments in subordinated mortgage-backed securities (residential or commercial) and ABS involve greater credit risk of default than the senior classes of securities of the same issuer. Default risks may be further pronounced in the case of MBS and ABS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying assets. Certain subordinated securities absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities, therefore, possess some of the risks and attributes typically associated with equity investments without certain of the benefits.

Credit Support Limitations. The amount, type and nature of insurance policies, subordination, overcollateralization, letters of credit and other credit support, if any, required with respect to certain MBS and ABS are based upon an actuarial analysis. There can be no assurance that the historical data supporting such actuarial analysis will accurately reflect future experience, nor any assurance that the data derived from a large pool of mortgage loans accurately predicts the delinquency, foreclosure or loss experience of any particular pool of loans.

Credit Quality Securities. There are no restrictions on the credit quality of a Fund's investments. Securities in which a Fund may invest may be deemed by rating companies to have substantial vulnerability to default in payment of interest and/or principal. Other securities may have the lowest quality ratings or may be unrated. Such ratings may indicate that payments are in default, that a bankruptcy petition has been filed with respect to the issuer or that the issuer is regarded as having extremely poor prospects for being able to meet its financial obligations.

Investors should recognize that lower rated and unrated securities in which a Fund may invest have large uncertainties or major risk exposure to adverse conditions and are considered to be predominantly speculative. Generally, such securities offer a higher return potential than higher rated securities but involve greater volatility of price and greater risk of loss of income and principal.

The market values of certain of these securities also tend to be more sensitive to changes in economic conditions than higher rated securities. In addition, a Fund may incur additional expenses to the extent that it is required to seek recovery upon a default in the payment of principal or interest on its portfolio holdings. The ability of obligors to make payments under the loans underlying certain types of MBS and ABS is dependent upon both macro and micro economic conditions. For example, investments in MBS would be adversely affected by loan defaults and subsequent foreclosure sales if real estate values should decline below the outstanding balances of the loans and any more senior financing on the mortgaged premises. The value of MBS and ABS securities may also be affected by changes in the market's perception of the creditworthiness of the entity issuing or guaranteeing them or by changes in government regulations and tax policies.

In general, the ratings of nationally recognized rating organizations represent the opinions of these agencies as to the quality of securities that they rate. Such ratings, however, are relative and subjective; they are not absolute standards of quality and do not evaluate the market value risk of the securities. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events. These ratings may be used by MKP as initial criteria for the selection of portfolio securities.

Initial Public Offerings. Investments in initial public offerings (or shortly thereafter) may involve higher risks than investments issued in secondary public offerings or purchases on a secondary market due to a variety of factors, including the limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer and limited operating history of the

issuer. In addition, some companies in initial public offerings are involved in relatively new industries or lines of business, which may not be widely understood by investors. Some of these companies may be undercapitalized or regarded as developmental stage companies, without revenues or operating income, or the near-term prospects of achieving them. These factors may contribute to substantial price volatility for such securities and, thus, for the value of the investors' investments in the Funds.

Use of Options. The Funds may buy or sell (write) options. When a Fund buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the security in the case of a put, could result in a total loss of the Fund's investment in the option (including commissions). When a Fund sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of an increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, an increase in the market price of the security above the exercise price would cause the Fund to lose the opportunity for gain on the underlying security — assuming it bought the security for less than the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss the Fund might suffer as a result of owning the security.

Swap Agreements. Swap agreements are individually negotiated and can be structured to include exposure to a variety of different types of investments or market factors. Depending on how they are used, swap agreements may increase or decrease the overall volatility of a Fund's portfolio. The most significant factor in the performance of swap agreements is the change in the specific interest rate, currency or other factors that determine the amounts of payments due to and from a Fund. If a swap agreement calls for payments by a Fund, the Fund must be prepared to make such payments when due. In addition, if a counterparty's creditworthiness declines, the value of swap agreements with such counterparty can be expected to decline, potentially resulting in losses by the Fund.

Credit Default Swaps. A credit default swap is a contract between two parties which transfers the risk of loss if a company fails to pay principal or interest on time or files for bankruptcy. The credit default swap market in high yield securities is comparatively new and rapidly evolving compared to the credit default swap market for more seasoned and liquid investment grade securities. Swap transactions dependent upon credit events are priced incorporating many variables including: the pricing and volatility of the common stock, potential loss upon default and the shape of the U.S. Treasury Yield curve, among other factors. As such, there are many factors upon which market participants may have divergent views.

Other Derivative Instruments. The Funds may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of such Fund and legally permissible. Special risks may apply to instruments that are invested in by the Funds in the future that cannot be determined at this time or until such instruments are developed or invested in by the Funds.

Commodity Interest Trading is Speculative and Volatile. The prices of commodities and related financial instruments in which the Funds may invest can be highly volatile. Price movements of commodities and related financial instruments are influenced by, among other things: changing supply and demand relationships; weather and climate conditions; trade, fiscal, monetary, and exchange control programs and policies of governments; political and economic events and policies;

changes in interest rates and rates of inflation; currency devaluations and revaluations; and emotions of the marketplace. Governments from time to time intervene, directly and by regulation, in certain markets. Such intervention is often intended to influence prices directly.

Commodity Futures Contracts. Trading in commodity interests may involve substantial risks. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for commodity futures contracts or options purchased or sold, and the Adviser may be required to maintain a position until exercise or expiration, which could result in losses.

Futures. Futures positions may be illiquid because, for example, most U.S. commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures contract prices on various commodities or financial instruments occasionally have moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Adviser from promptly liquidating unfavorable positions and subject the Funds to substantial losses. In addition, the Adviser may not be able to execute futures contract trades at favorable prices if trading volume in such contracts is low. It is also possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract or order that trading in a particular contract be conducted for liquidation only. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that may be held in particular commodities. Trading in commodity futures contracts and options are highly specialized activities that may entail greater than ordinary investment or trading risks.

The price of stock index futures contracts may not correlate perfectly with the movement in the underlying stock index because of certain market distortions. First, all participants in the futures markets are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, investors may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Secondly, from the point of view of speculators, the deposit requirements in the futures markets are less onerous than margin requirements in the securities markets. Therefore, increased participation by speculators in the futures markets may also cause temporary price distortions. Successful use of stock index futures contracts by the Adviser is also subject to the Adviser's ability to correctly predict movements in the direction of the market.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are generally not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade and these markets can experience periods of illiquidity, sometimes of significant duration. Disruptions can occur in any market traded by the Funds due to unusually high trading volume, political intervention or other factors. Market illiquidity or disruption could result in major losses to the Funds.

Exchange-Traded Funds. Exchange-Traded Funds ("ETFs") are publicly traded unit investment trusts, open-end funds or depository receipts that seek to track the performance and dividend yield

of specific indexes or companies in related industries. These indexes may be either broad-based, sector, or international. However, ETF shareholders are generally subject to the same risk as holders of the underlying securities they are designed to track. ETFs are also subject to certain additional risks, including, without limitation, the risk that their prices may not correlate perfectly with changes in the prices of the underlying securities they are designed to track, and the risk of trading in an ETF halting due to market conditions or other reasons, based on the policies of the exchange upon which the ETF trades. Generally, each shareholder of an ETF bears a pro rata portion of the ETF's expenses, including management fees. Accordingly, in addition to bearing their proportionate share of the Fund's expenses (e.g., Management Fees and operating expenses), shareholders may also indirectly bear similar expenses of an ETF.

Proprietary Models. The Adviser carries out its investment process and risk control procedures, in part, by applying various trading models (including proprietary credit models) developed by the Adviser. These models are used to evaluate prospective investments, as well as to monitor and value existing holdings. The accuracy and effectiveness of these models cannot be guaranteed.

Leverage and Financing Risk. While leverage presents opportunities for increasing a Fund's total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by a Fund would be magnified to the extent such Fund is leveraged. The cumulative effect of the use of leverage by a Fund in a market that moves adversely to such Fund's investments could result in a substantial loss to the Fund which would be greater than if the Fund were not leveraged.

Loans of Portfolio Securities. The Funds may lend their portfolio securities. By doing so, a Fund attempts to increase its income through the receipt of interest on the loan. In the event of the bankruptcy of the other party to a securities loan, the Fund could experience delays in recovering the securities it lent. To the extent that the value of the securities the Fund lent has increased, the Fund could experience a loss if such securities are not recovered.

Hedging Transactions. The success of a hedging strategy will be subject to the Adviser's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolio being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a hedging strategy will also be subject to the Adviser's ability to continually recalculate, readjust, and execute hedges in an efficient and timely manner. While the Adviser may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for a Fund than if it had not engaged in any such hedging transactions. In periods of market stress, the instruments necessary to permit a Fund to engage in hedging activity may not generally be available or may not, in the Adviser's judgment, be economically priced.

Short Selling. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Fund of buying those securities to cover the short position. There can be no assurance that the securities necessary to cover a short position will be available for purchase. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Limited Diversification. The Funds are not restricted from concentrating their investments in the securities of a single issuer or guarantor, and may invest all or most of their assets in a single market sector. In doing so, the negative impact on the Funds of adverse movements in the value of the

securities of a single issuer, guarantor or market sector could be considerably greater than if the Funds were not permitted to concentrate their investments to such an extent.

Non-U.S. Securities. Investments in securities of non-U.S. issuers (including non-U.S. governments) and securities denominated or whose prices are quoted in non-U.S. currencies pose, to the extent not hedged, currency exchange risks (including blockage, devaluation and non-exchangeability) as well as a range of other potential risks which could include expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. Income realized, and gross sale or other disposition proceeds received, by the Funds from sources within some countries may be reduced by withholding and other taxes imposed by such countries.

Investments in Emerging Markets. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other more established economies or markets.

Exchange Rate Fluctuations; Currency Considerations. Certain Funds may invest a portion of their assets in the instruments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. Dollar. The Funds, however, value their assets in U.S. Dollars. The Funds may hedge their non-U.S. currency exposure, but may not always do so. To the extent unhedged, the value of the Funds' positions in non-U.S. investments will fluctuate with U.S. Dollar exchange rates as well as the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. Dollar compared to the other currencies in which a Fund makes its investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of such Fund's investments in their local markets and may result in a loss to the Fund. Conversely, a decrease in the value of the U.S. Dollar will have the opposite effect on such Fund's non-U.S. Dollar investments. Furthermore, a Fund may incur costs in connection with conversions between various currencies.

A Fund may seek to protect the value of some portion or all of its portfolio holdings against currency fluctuations by engaging in hedging transactions, but there can be no assurance that such hedging transactions will be effective.

Currency Hedging. With respect to Funds that accept investments in currencies other than the U.S. Dollar, a Fund may generally employ various hedging techniques which may include, but are not limited to, spot or forward contracts, currency options and currency futures contracts or other financial investments (a "Currency Hedge"). Such hedging may substantially limit the benefit experienced by the holders of non-U.S. Dollar denominated shares (the "Non-U.S. Dollar Shares") from any increase in the U.S. Dollar value of the Non-U.S. Dollar currencies in which they subscribed.

With respect to Funds that accept investments in currencies other than the U.S. Dollar, the Adviser may affect a Currency Hedge by entering into forward contracts for the Fund. Differences in prevailing interest rates for deposits of different currencies can cause the price for future delivery of a currency to diverge from its spot price. Under such circumstances, the Fund would incur a loss with respect to such Currency Hedge (assuming no change in the relevant exchange rate during the relevant period) which would be allocable to the Non-U.S. Dollar Shares.

Digital Assets and Cryptocurrencies. Certain Funds may invest directly or indirectly in Bitcoin, Ethereum and similar digital assets security tokens and cryptocurrencies (collectively, "Digital Assets"), although the Adviser expects that any such investment is likely to constitute only a small

portion of the Funds' portfolio. While all investments entail a risk of loss of capital, investments in Digital Assets should be considered substantially more speculative and significantly more likely to result in a total loss of capital than many other investments. The investment characteristics of Digital Assets differ from those of many traditional currencies, commodities and securities. Importantly, Digital Assets are not backed by a central bank or a national, supra-national or quasi-national organization, any hard assets, human capital, or other form of credit. Rather, such assets are market-based: a Digital Asset's value is determined by (and fluctuates often, according to) supply and demand factors, the number of merchants that accept it, and the value that various market participants place on it through their mutual agreement, barter or transactions, among other factors.

Risks Relating to Digital Asset Derivatives. As a member of the NFA, the Adviser is subject to the NFA's regulatory oversight and examinations regarding its trading in commodity interests in a commodity pool. Among such contracts, the Adviser may engage in trading Digital Asset derivatives in respect of certain Funds, although the Adviser expects that trading in Digital Asset derivatives will constitute only a small portion of the relevant portfolios. Digital Asset derivatives, such as futures or options on futures on a Digital Asset, are a relatively new asset class, and trading in these instruments, like trading in Digital Assets themselves, carries a high level of risk. Investments in Digital Asset derivatives, like direct investments in Digital Assets, should be considered substantially more speculative and significantly more likely to result in a total loss of capital than many other investments.

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

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

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

Assumption of Catastrophe Risks. The Funds may be subject to the risk of loss arising from direct or indirect exposure to various catastrophic events, including the following: hurricanes, earthquakes and other natural disasters; war, terrorism and other armed conflicts; cyberterrorism; major or prolonged power outages or network interruptions; and public health crises, including the occurrence of a contagious infectious disease outbreaks, epidemics and pandemics. To the extent that any such event occurs and has a material effect on global financial markets or specific markets or issuers in which the Funds invest (or has a material negative impact on the operations of the Adviser or its service providers), the risks of loss can be substantial and could have a material adverse effect on the Funds and the shareholders' investments therein. Furthermore, any such event may also adversely impact one or more individual shareholders' financial condition, which could result in substantial redemption requests by such shareholders as a result of their individual liquidity situations and irrespective of performance of the Funds.

The Funds' investment programs are speculative and entail substantial risks. There can be no assurance that the investment objectives of the Funds will be achieved, or that investment results might not vary substantially on a monthly, quarterly or annual basis. In fact, the use of leverage, options, forward contracts, futures and derivatives and the limited diversification of the Funds' portfolios can, in certain circumstances, maximize the adverse impact to which the Funds' investment portfolios may be subject. The Funds' activities could result in substantial losses under certain circumstances.

ITEM NO. 9: DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to an advisory client or prospective advisory client's evaluation of the Adviser's advisory business or the integrity of the Adviser's management.

As part of the Adviser's routine compliance training and monitoring, all employees are asked to certify upon hire, and thereafter on an annual basis, whether they have been the subject of any disciplinary actions.

ITEM NO. 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

Each of the Adviser and the General Partner is registered as a commodity pool operator with the Commodity Futures Trading Commission ("CFTC") and each are a member of the National Futures Association ("NFA"). The Adviser is also registered as a commodity trading adviser with the CFTC. The Adviser and General Partner have (as applicable) claimed an exemption with respect to each applicable MKP Fund from certain of the CFTC's disclosure, reporting and record-keeping requirements applicable to registered commodity pool operators and registered commodity trader advisers pursuant to Rule 4.7 under the Commodity Exchange Act.

As noted in Item 4, the Adviser has a sub-advisory relationship with each of MKP Europe and MKP Asia. MKP Europe and MKP Asia each manages a portion of the Funds' portfolios and provides research and investment recommendations to the Adviser.

Navigator Global Investments Limited, an Australian Securities Exchange-listed company ("Navigator Global Investments"), holds a passive, non-voting, minority equity interest in each of the IM LP, the Adviser and the General Partner. Navigator Global Investments has no control over the investment process or day-to-day operations of the General Partner, the Adviser, or the Funds, but has certain consent rights relating to actions by the IM LP, the Adviser and the General Partner in respect of themselves.

Except as otherwise disclosed in this brochure, neither the Adviser nor any of its management persons has a relationship or an arrangement that is material to its advisory business or to its advisory clients with any related person that is a pooled investment vehicle, investment adviser, commodity pool operator or commodity trading adviser. In addition, the Adviser does not recommend or select other investment advisers for its clients.

ITEM NO. 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

The Adviser strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, the Adviser has adopted a Code of Ethics (the "Code").

The Code incorporates the following general principles that all employees are expected to uphold:

- employees must at all times place the interests of clients first;
- all personal securities transactions must be conducted in a manner consistent with the Code and avoid any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility;
- employees must not take any inappropriate advantage of their positions at the Adviser;
- information concerning the identity of clients and investors, and the securities and commodities transactions, holdings, and financial circumstances of the Funds, including their investors, must be kept confidential (consistent with Adviser policy and guidance);
- advice and analysis regarding potential transactions must be kept confidential (consistent with Adviser policy and guidance); and
- independence in the investment decision-making process must be maintained at all times.

The Code also places restrictions on personal trades by employees, including that they (i) disclose their personal securities holdings and transactions to the Adviser, in accordance with the Investment Advisers Act of 1940, as amended; and (ii) pre-clear certain types of personal securities transactions. In addition, certain types of personal securities transactions are subject to a minimum holding period. Further, the Adviser maintains a "Restricted List" of companies about which a determination has been made that it is prudent to restrict trading activity. This might include, for example, a company about which investment personnel may have acquired material, nonpublic information, sometimes pursuant to a confidentiality agreement, or a position where the Adviser may have a securities filing obligation. As a general rule, trades will not be allowed for Funds, or for the personal accounts of employees, in the securities of a company appearing on the Restricted List. In addition, with the exception of certain broad-based exchange traded funds subject to certain pre-clearance and holding requirements, employees are generally prohibited from transacting in any securities currently held in the portfolio of a Fund. It should be noted that employees have personal investments in the MKP Funds.

The Code also requires all employees to notify the Adviser of (and in certain cases, pre-clear) certain political contributions, gifts and business entertainment, close family relationships and outside business activities, in each case, that could present a conflict of interest.

The Adviser also maintains insider trading policies and procedures (the "Insider Trading Policies") that are designed to prevent the misuse of material, non-public information. The Adviser's personnel are required to certify to their compliance with the Code, including the Insider Trading Policies, on a periodic basis. Employees receive periodic training on the Code, insider trading and other compliance related matters.

Investors may request a copy of the Code by contacting the Adviser at the address or telephone number listed on the cover page of this document.

The Adviser provides discretionary investment management services to other accounts that have different or additional terms than those of another Fund, including different information rights and liquidity rights (including the right to wind down and terminate a managed account or fund of one without cause). Additional information may affect an investor's decision to invest additional capital in, to remain invested in, to withdraw from or to terminate another account. Certain Funds have more favorable withdrawal rights than other Funds, notwithstanding that the Funds may invest in the same instruments, and investors in these Funds are able to act on information before any other investor that has less frequent liquidity rights. The Adviser carefully monitors portfolio liquidity for each Fund to ensure that this arrangement is consistent with the Adviser's fiduciary duties to all clients. Notwithstanding the foregoing, it should be noted that any such withdrawals or early terminations could cause any such other account to liquidate its positions ahead of a Fund, which may have a material adverse effect on such Fund and the investors' investments therein.

To the extent an investment opportunity is determined to be appropriate for multiple Funds, the Adviser will use its best judgment and act in a manner which it considers fair and reasonable in allocating such investment opportunity. It is the policy of the Adviser to allocate such investment opportunities for the Funds on an equitable basis, taking into account various factors. Such factors include, among others:

- the risk parameters of such account;
- the eligible assets of such account;
- the investment objectives and restrictions on the account;
- the relative size and cash availability of the applicable strategy within such account;
- the margin or premium requirement of a trade in a commodity interest product;
- the nature and size of the proportion of a securities issue likely to be available to the Adviser or the nature and size of the proposed sale;
- the ability to borrow and the cost of borrowed funds;
- tax consequences;
- legal restrictions, including those that may arise in foreign jurisdictions;
- the liquidity of the investment relative to the need of such account;
- the degree of specialization of an account relative to the investment offered;
- the relative historical participation of an account in the investment;
- the difficulty of liquidating an investment for more than one Fund;
- the possibility that an allocation may result in a small or odd lot;
- new Funds with a substantial amount of investable cash;
- relative exposure to market trends;

- transaction costs;
- counterparty availability; and
- other factors considered relevant.

The Adviser, however, will have no obligation to purchase, sell or exchange any security or financial instrument for one Fund which the Adviser may purchase, sell or exchange for another Fund if the Adviser believes in good faith at the time the investment decision is made that such transaction or investment would be unsuitable, impractical or undesirable for a particular Fund. At times, the Adviser will not allocate positions or transactions under a certain size to certain of its clients. For example, the Adviser may not allocate a trade to a client if the Adviser believes that doing so would not be cost-effective for such client due to transaction costs or for other reasons including, but not limited to, if the Adviser does not believe a particular client has sufficient capacity to execute all or a portion of a strategy. Furthermore, there are instances where the Funds participate in limited investment opportunities where disparate price and quantity are presented. In such circumstances, the Adviser endeavors to allocate securities in equitable amounts among clients in accordance with internal policy.

The Adviser and/or its affiliates receive performance compensation from the Funds based upon the net capital appreciation of the applicable Fund. Additionally, certain investment professionals that are involved in determining internal valuations of the portfolio are compensated based upon the net capital appreciation of the securities that they value. Such compensation arrangements may create an incentive for the Adviser and such investment professionals to value a Fund's portfolio at a higher value than would be the case if such arrangement were not in effect.

Subject to certain terms and conditions and to the extent permitted by law and as deemed advisable the Adviser, the Adviser effects rebalancing cross transactions among the Funds. When that happens, one Fund purchases securities or other financial instruments held by one or more of the other Funds or sells securities or other financial instruments to one or more of the other Funds. The Adviser typically effects these transactions corresponding with a process of rebalancing the Funds to adjust for changes in their relative net asset values or adjustments to portfolio construction.

The Adviser effects these cross transactions with the assistance of a broker-dealer who executes and books each leg of the transaction at a price consistent with the Adviser's duty to obtain best execution which is typically the mid of the bid/ask spread inclusive of a brokerage commission (as applicable), as applicable and consistent with valuation procedures established by the Adviser, which may vary from time to time. Neither the Adviser nor any of its affiliates receive any compensation in connection with cross transactions.

To the extent that cross transactions may be viewed as principal transactions due to the ownership interest in a Fund by the Adviser and its personnel, the Adviser will either not effect such transactions or comply with the requirements of Section 206(3) of the U.S. Investment Advisers Act of 1940, as amended, including that the Adviser will notify the relevant Fund (or an independent representative of that Fund) in writing of the transaction and obtain the consent of that Fund (or an independent representative of that Fund), and any other applicable law or regulation.

ITEM NO. 12: BROKERAGE PRACTICES

In selecting brokers and dealers to effect portfolio transactions, the Adviser considers such factors as price, the ability of the brokers and dealers to effect the transaction, the brokers'-dealers' facilities,

reliability and financial responsibility and the provision of, or payment for (or the rebate to the Funds for payment of), the costs of research-related products or services that are of benefit to the Funds or the Adviser (noting that the provision or payment of research is not a factor taken under considering by MKP Capital Europe LLP when selecting appropriate broker-dealers). The Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commissions and other costs. Accordingly, if the Adviser determines in good faith that the amount of commissions and other compensation charged by a broker or the prices charged by a dealer are reasonable in relation to the value of the research-related goods and services, including prime broker services, provided by such broker or dealer, the Funds may pay commissions and other compensation to such broker or prices to such dealer which are greater than those another might charge.

Soft Dollar Usage

Research-related goods and services provided by brokers and dealers through which portfolio transactions for the Funds are executed, settled and cleared may include research reports on particular industries and companies, economic surveys and analyses, recommendations as to specific securities, research services, and other goods and services providing lawful and appropriate assistance to the Adviser in the performance of its investment decision-making responsibilities on behalf of the Funds (collectively, "soft dollar items").

Soft dollar items may be provided directly by brokers and dealers, by third parties at the direction of brokers and dealers, or purchased on behalf of the Funds with credits or rebates provided by brokers and dealers. Soft dollar items may arise from over-the-counter principal transactions, as well as exchange-traded agency transactions. In addition, such payments or rebates may be made by futures commission merchants in connection with futures transactions. Brokers and dealers sometimes suggest a level of business they would like to receive in return for the various services they provide. Actual business received by any broker or dealer may be less than the suggested allocations, but can (and often does) exceed the suggestions, because total transaction volume is allocated on the basis of all the considerations described above. A broker or dealer will not be excluded from executing transactions for the Funds because it has not been identified as providing soft dollar items.

"Soft dollars" will generally be used only for brokerage and research within the safe harbor provided by Section 28(e) of the U.S. Securities and Exchange Act of 1934, as amended, even though soft dollars may be generated in transactions not falling within the requirements of Section 28(e). Soft dollars generated in respect of principal transactions (other than riskless principal transactions), futures, currency and derivatives transactions do not fall within the safe harbor created by Section 28(e) and will be utilized only with respect to brokerage and research-related products and services and other authorized Fund expenses specified herein.

The Adviser does not currently have any formal soft dollar arrangements in place at this time, but reserves the right to enter into such arrangements in the future. Any soft dollars generated under a formal soft dollar arrangement with respect to equity transactions and utilized by the Fund would fall within the safe harbor provided by Section 28(e).

When MKP uses client brokerage commissions (or markups or markdowns) to obtain research or other products or services, MKP receives a benefit because it does not have to produce or pay for such products or services; provided that MKP Capital Europe LLP must comply with the requirements proscribed under MiFID II. MKP may have an incentive to select or recommend a

broker-dealer based on its interest in receiving research or other products or services, rather than on its Funds' interest in receiving most favorable execution.

Other Brokerage Considerations

From time to time, the Funds accept investments from the asset management division or an affiliate of full-service financial firms who are investing on their own behalf or on behalf of third-parties. The financial service firms have related entities that include broker-dealers and the Adviser may from time-to-time utilize these broker-dealers when the Adviser believes that a particular broker-dealer provides best execution for client transactions. This is not a material part of the Adviser's business and the Adviser does not take these investments into consideration when determining which broker-dealers to use to execute client transactions.

From time to time, brokers (including prime brokers) assist the Funds in raising additional funds from investors, and representatives of the Adviser speak at conferences and programs sponsored by such brokers for investors interested in investing in hedge funds. Through such "capital introduction" events, prospective investors in a Fund would have the opportunity to meet with the Adviser. Currently, none of the Adviser, the General Partner or the Funds compensates any broker for organizing such events or for any investments ultimately made by prospective investors attending such events, nor do they anticipate doing so in the future. While such events and other services provided by a broker may influence the Adviser in deciding whether to use such broker in connection with brokerage, financing and other activities of the Funds, the Adviser will not commit to allocate a particular amount of brokerage to a broker in any such situation.

In addition, as discuss in Item 14, the Adviser, its affiliates and/or the MKP Funds have entered into agreements with brokers (or their affiliates) acting as placement agents with respect to investors introduced to certain of the MKP Funds.

In addition, the Adviser may accept gifts or entertainment from entities or their affiliates who also provide services to the Funds, including counterparties. Relationships such as these could be viewed as creating a conflict of interest that potentially could affect the Adviser's ability to seek best execution. The Adviser maintains policies and procedures that require reporting of gifts and entertainment and monitors relevant counterparty relationships for potential conflicts of interest.

Trade Error Policy

Pursuant to the various exculpation and indemnification provisions described in the Funds' offering documents or investment management agreement, the Adviser and its affiliates and personnel will generally not be liable to the Funds for any act or omission, absent bad faith, fraud, willful misconduct or gross negligence, and the Funds will generally be required to indemnify such persons against any losses incurred by reason of any act or omission related to the Funds, absent bad faith, fraud, willful misconduct or gross negligence. As a result of these provisions, the Funds (and not the Adviser) will be responsible for any losses resulting from trade errors and similar human errors, absent bad faith, fraud, willful misconduct or gross negligence. Please see the applicable Funds' offering document or Separate Account's investment management agreement for additional information. While the Adviser and its counterparties have controls in place reasonably designed to prevent trade errors, there is always the possibility that such errors may occur. Trading errors might include, for example, keystroke errors that occur when entering trades into an electronic trading system resulting in the wrong amount of securities purchased/sold or the wrong security purchased/sold. Given the volume of transactions executed by the Adviser on behalf of the Funds,

investors should assume that trade errors (and similar errors) may occur and that the Funds will be responsible for any resulting losses, even if such losses result from the negligence (but not gross negligence) of the Adviser's personnel. Investors may contact the Adviser with any questions related to the Adviser's trade error policies.

Order Aggregation

The Adviser will generally execute Fund transactions on an aggregated basis when the Adviser believes that doing so will allow it to obtain best execution and to negotiate more favorable commission rates or other transaction costs than might have otherwise been paid had such orders been placed independently. When aggregating orders all Funds will be treated in a fair and equitable manner.

ITEM NO. 13: REVIEW OF ACCOUNTS

The Adviser performs various daily, weekly, monthly, quarterly and periodic reviews of the portfolios of the Funds. Such reviews are conducted by the members of the Adviser's Investment Committee, portfolio managers, research associates and operational personnel. Each of the MKP Funds are administered by a third-party administrator and the Adviser reconciles their accounting regularly.

With respect to the MKP Funds that are offered on an ongoing basis, the Adviser or its administrator provides the following written, unaudited reports to all applicable investors:

- Weekly month-to-date performance estimates
- Month-end performance estimate
- Month-end fund profiles (consisting of risk & performance attribution)
- Monthly account statements
- Quarterly newsletter

The Adviser sends to applicable MKP Fund investors estimated month-to-date returns, net of all fees and expenses as of the weekly close of business on the first business day of the following week. Typically, on the 3rd business day after month-end, MKP sends to MKP Fund investors estimated performance, net of all fees and expenses. Monthly performance attribution is typically sent to MKP Fund investors the 2nd week of the month. Performance figures are updated on MKP's secure website, www.mkpcap.com; assets under management are also available on the website. The MKP Funds' administrator sends account statements to MKP Fund investors once each applicable Fund's net asset value is finalized, typically by the 20th of the month. The MKP Funds' administrator also produces a monthly transparency report which is available to investors via their investor dashboard website. This report includes confirmation of fund assets, the pricing process, counterparty exposures and ACS 820 leveling for certain accounts.

MKP intends to provide all MKP Fund investors with the information necessary for the ongoing monitoring of their investments in the Funds. As such, with respect to the MKP Funds that are offered on an ongoing basis, MKP provides monthly fund-specific information regarding portfolio exposures, attribution and risk parameters. Additionally, MKP is open to discussing the portfolio and performance with investors.

Generally, the Separate Accounts receive reports and/or statements as set forth in each Separate Account's governing documents.

In addition to the above, investors in the MKP Funds receive audited financial statements annually, generally within 90 days but no later than 120 days of the end of the Fund's fiscal year end.

ITEM NO. 14: CLIENT REFERRALS AND OTHER COMPENSATION

MKP does not receive economic benefits from non-advisory clients for providing investment advice and other advisory services and there are no sales charges payable to the Adviser, its affiliates or the MKP Funds in connection with the offering of the fund shares or interests, as applicable.

However, the Adviser, its affiliates and/or the MKP Funds have entered into agreements with placement agents with respect to investors introduced to certain of the MKP Funds by such placement agents providing for (i) a payment by such investors to the applicable placement agent, (ii) one-time or ongoing payments to the applicable placement agent from the MKP Funds or the Adviser based upon the amount of such investor's investment in the MKP Funds or the management fees and/or incentive compensation attributable to such investor and/or (iii) rebates to the investor of management fees or incentive compensation paid to the Adviser. Any amounts paid by an MKP Fund to placement agents will reduce the management fees and/or incentive compensation otherwise payable in respect of the shares or interests held by investors who were introduced to an MKP Fund by such placement agents.

Placement agents that introduce investors to a MKP Fund are subject to a conflict of interest to the extent that they will be compensated in connection with their introduction activities. If a prospective investor is introduced to an MKP Fund through a placement agent, appropriate disclosure will be made to such prospective investor regarding the arrangement, if any, with such placement agent.

ITEM NO. 15: CUSTODY

The Adviser is deemed to have custody of most advisory client funds and securities attributable to the MKP Funds. The Adviser does not have custody of the CBOs or the Separate Accounts. Account statements related to the advisory clients are sent by qualified custodians to the Adviser and each MKP Fund's administrator. Information regarding the "Qualified Custodians" utilized by the MKP Funds is disclosed in the Adviser's Form ADV Part 1, Schedule D.

The Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each MKP Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception," which, among other things, requires that each MKP Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each MKP Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

ITEM NO. 16: INVESTMENT DISCRETION

As noted previously, MKP has full discretionary authority to manage the Funds, including authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. MKP's authority is limited by its own internal policies and procedures and each Fund's investment guidelines. Investment advisory services are provided directly to the Funds, and not to the Funds' investors individually. The Adviser makes investments for each Fund based on its investment program.

ITEM NO. 17: VOTING CLIENT SECURITIES

The Securities and Exchange Commission adopted Rule 206(4)-6, which requires registered investment advisers that exercise voting authority over client securities to implement proxy voting policies ("Proxy Voting Guidelines").

To assist the Adviser in its responsibility for voting proxies, Institutional Shareholder Services ("ISS") has been retained as an expert in the proxy voting and corporate governance area. ISS is an unaffiliated, third party proxy voting service. In compliance with Rule 206(4)-6, the Adviser has reviewed and approved Proxy Voting Guidelines prepared by ISS and its designees and has determined that these guidelines, which include sustainability considerations, accurately reflect the Adviser's standards and preferences in voting proxies. The Adviser generally expects to vote proxies based upon the recommendations of ISS consistent with the Proxy Voting Guidelines. In addition, the Adviser's proxy voting policies and procedures include guidelines regarding: (i) the process in place to override a vote recommendation from ISS; (ii) responsibilities of certain parties with regard to the proxy voting process; (iii) how material conflicts of interest are resolved to ensure that all proxies are voted in the best interests of the Funds; and (iv) recordkeeping issues. Further, the Adviser will conduct periodic evaluations of ISS' ability to perform the requisite services on behalf of the Adviser in accordance with the Adviser's standards.

For the avoidance of doubt, in respect of the Funds, individual investors are not able to direct the Adviser on how to cast a proxy vote.

On occasion the Adviser receives a request for consent to matters pertaining to a bond. Examples include requests for consent to: a debt restructuring, a bond exchange or an issuer bond repurchase. In such instances, the Adviser will respond to such consents taking into account relevant factors, including, but not limited to: (i) the impact to the applicable Fund's expected profits and losses; (ii) the structural and liquidity differences between the bonds currently held and offered in exchange; and (iii) customary industry and business practices.

The Adviser may refrain from voting proxies or consents where the Adviser believes that voting does not serve the best interests of the applicable client accounts. In addition, to the extent there is a conflict of interest between the applicable Fund and the interests of the Adviser (or its affiliates), the Adviser maintains additional procedures with respect to addressing any such conflict of interest. A copy of the Policies and the consent voting relating to a Fund may be obtained by contacting the Adviser. .

From time to time, the Adviser receives notices regarding class action lawsuits involving securities that are or were held by applicable Funds. As a matter of policy, the Adviser shall act in the best

interests of its investors and generally refrain from serving as the lead plaintiff in class action matters and also refrain from submitting proofs of claim where the Adviser reasonably believes that either the recovery amounts are likely to be negligible or for other reasons. As a result, the Adviser, in most cases, will not likely participate in class action lawsuits.

ITEM NO. 18: FINANCIAL INFORMATION

The Adviser is not aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its advisory clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.

The Adviser does not need to provide a balance sheet since it does not solicit prepayment of more than \$1,200 in fees per advisory client, six months or more in advance.



Part 2B of Form ADV Brochure Supplement

**Item 1:
Patrick McMahon
Lin Li
Richard Lightburn**

**MKP Capital Management, L.L.C.
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New York, NY 10022
(212) 303-7100
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March 2023

This brochure provides information about the qualifications and business practices of MKP Capital Management, L.L.C. If you have any questions about the contents of this brochure, please contact the Client Solutions team at 212-303-7100. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Additional information about MKP Capital Management, L.L.C. also is available on the SEC's website at www.adviserinfo.sec.gov [Reg. No. 801-58039]. MKP Capital Management, L.L.C. is an SEC-registered investment adviser. This registration does not imply any level of skill or training.

Patrick McMahon

ITEM 2: EDUCATION BACKGROUND AND BUSINESS EXPERIENCE

Patrick McMahon, born in 1963, is a founder of MKP Capital Management, L.L.C. (the “Adviser”), serves as Chief Investment Officer and is a member of the Investment Committee. Prior to founding the Adviser in 1995, Mr. McMahon worked at Salomon Brothers Inc. (1985-1994) where he was a Partner during his final year and a Managing Director in the Fixed Income Capital Markets Division.

Mr. McMahon has a B.S. in Business Administration with a concentration in Finance from Villanova University (1985).

ITEM 3: DISCIPLINARY INFORMATION

The information required for this item does not apply to the Adviser’s supervised persons or any principal, partner, or employee of the Adviser.

ITEM 4: OTHER BUSINESS ACTIVITIES

Mr. McMahon is registered with the National Futures Association as a Principal and an Associated Person of the Adviser and its affiliate MKP Strategies, L.L.C.

ITEM 5: ADDITIONAL COMPENSATION

Mr. McMahon receives compensation for providing advisory services solely from his responsibilities at the Adviser and from no other source.

ITEM 6: SUPERVISION

Mr. McMahon is supervised by the Adviser’s Chief Executive Officer, Richard Lightburn, in conjunction with the Adviser’s Investment Committee. Mr. McMahon is supervised by the Adviser’s Chief Compliance Officer solely with respect to the Adviser’s compliance policies and procedures, which are designed to protect and prevent violations of applicable securities laws, rules and regulations. Mr. Lightburn and the Chief Compliance Officer can be reached at the telephone number on the cover page of this supplement.

Lin Li

ITEM 2: EDUCATION BACKGROUND AND BUSINESS EXPERIENCE

Lin Li, born in 1983, serves as Chief Risk Officer and is a member of the Adviser's Investment Committee. Before taking on the role of Chief Risk Officer in February 2019, Dr. Li served as Deputy Chief Risk Officer. Dr. Li joined the Adviser in 2011.

Dr. Li received a Ph.D. from New York University, Courant Institute of Mathematical Science in Applied Math (2010) and a B.Sc. in Applied Math from the University of Science and Technology of China (2005).

ITEM 3: DISCIPLINARY INFORMATION

The information required for this item does not apply to the Adviser's supervised person or any principal, partner, or employee of the Adviser.

ITEM 4: OTHER BUSINESS ACTIVITIES

The information required for this item does not apply to the Adviser's supervised person.

ITEM 5: ADDITIONAL COMPENSATION

Dr. Li receives compensation for providing advisory services solely from her responsibilities at the Adviser and from no other source.

ITEM 6: SUPERVISION

Dr. Li is supervised by the Adviser's Chief Executive Officer, Richard Lightburn, in conjunction with the Adviser's Investment Committee. Ms. Li is also supervised by the Adviser's Chief Compliance Officer solely with respect to the Adviser's compliance policies and procedures, which are designed to protect and prevent violations of applicable securities laws, rules and regulations. Mr. Lightburn and the Chief Compliance Officer can be reached at the telephone number on the cover page of this supplement.

Richard Lightburn

ITEM 2: EDUCATION BACKGROUND AND BUSINESS EXPERIENCE

Mr. Lightburn, born in 1967, serves as Chief Executive Officer and is a member of the Adviser's Investment Committee. Prior to being named Chief Executive Officer, Mr. Lightburn was a senior Portfolio Manager. Prior to joining the Adviser in 2008, Mr. Lightburn worked as Managing Director at HSBC Securities from December 2004 to November 2007, where he managed the prime mortgage trading business. Prior to HSBC, Mr. Lightburn was with Goldman Sachs for 15 years, and at the time of his departure he was a Managing Director and Co-Head of the Mortgage Liquid Products trading group.

Mr. Lightburn received a B.S. in Mechanical Engineering from the Massachusetts Institute of Technology (1989).

ITEM 3: DISCIPLINARY INFORMATION

The information required for this item does not apply to the Adviser's supervised person or any principal, partner, or employee of the Adviser.

ITEM 4: OTHER BUSINESS ACTIVITIES

Mr. Lightburn is registered with the National Futures Association as a Principal of the Adviser and its affiliate MKP Strategies, L.L.C.

ITEM 5: ADDITIONAL COMPENSATION

Mr. Lightburn receives compensation for providing advisory services solely from his responsibilities at the Adviser and from no other source.

ITEM 6: SUPERVISION

Mr. Lightburn is Chief Executive Officer and is responsible for the management of the Advisor, in conjunction with the Adviser's Investment Committee. Mr. Lightburn is also supervised by the Adviser's Chief Compliance Officer solely with respect to the Adviser's compliance policies and procedures, which are designed to protect and prevent violations of applicable securities laws, rules and regulations. The Chief Compliance Officer can be reached at the telephone number on the cover page of this supplement.