

**Item 1      Cover Page**

**Form ADV Part 2A: Firm Brochure**

March 31, 2023

**TFG Asset Management L.P.**

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**This Brochure provides information about the qualifications and business practices of TFG Asset Management L.P., an investment adviser registered with the United States Securities and Exchange Commission (the “SEC”). If you have any questions about the contents of this Brochure, please contact us at +1 (212) 359 7300. The information in this Brochure has not been approved or verified by the SEC or by any state securities authority.**

**Additional information about TFG Asset Management L.P. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.**

## **Item 2      Material Changes**

This brochure contains several material changes from updates to the last firm brochure dated as of March 31, 2022, including to improve and clarify the description of TFG Asset Management L.P.'s business practices, compliance policies and procedures, and to respond to evolving industry best practices with respect to the disclosure of conflicts of interests and risks.

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#### **Item 4      Advisory Business**

TFG Asset Management L.P., together with its affiliated management entities, affiliates that serve as general partners of certain Clients and other affiliates that provide advisory services to and/or receive advisory fees from the Funds, referred to further herein collectively as the Firm, is a global private investment firm founded by Reade Griffith and Paddy Dear in 2002.

The Firm provides investment advice to investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended (the 1940 Act) and whose securities are not registered under the Securities Act of 1933, as amended (the Securities Act), or the Funds, as well as separately managed accounts. The Firm, through its affiliated entities, also provides management services to collateralized loan obligations (CLOs) and further referred to herein collectively with the Funds, separately managed accounts and any other investment vehicles advised by the Firm or its affiliates as the Clients.

The Firm is an investment of and fully controlled by Tetragon Financial Group Limited, referred to further herein as Tetragon, a Guernsey closed-ended investment company traded on Euronext Amsterdam N.V. under the ticker symbol “TFG.NA” and on the Specialist Fund Segment of the main market of the London Stock Exchange under the ticker symbols “TFG.LN” and “TFGS.LN”. Tetragon Financial Management LP, referred to further herein as TFM, has been appointed as the investment manager of Tetragon. TFM is separately registered as an investment adviser under the Investment Advisers Act of 1940 (as amended (the Advisers Act)).

The Firm is the broad-based asset management platform for Tetragon. The Firm manages, oversees and supervises Tetragon’s private equity investments in asset management companies. The Firm, as a unified business, seeks to enhance the value of each individual investment and the entity as a whole through a shared strategic direction and operating infrastructure encompassing critical business management functions such as risk management, investor relations, financial control, technology, and compliance/legal matters, while at the same time giving entrepreneurial independence to the managers of the underlying businesses. In light of the goal to continue to grow and diversify the Firm, the combination of a number of relatively uncorrelated businesses across different asset classes and at different stages of development under the Firm is also intended to create a collectively more robust and diversified business and income stream. At the same time, the Firm may seek to realize the enhanced value of its individual asset management companies.

In connection with the operation of the Clients, the Firm is responsible for business development, marketing, legal and compliance, risk management and governance, as well as guidance on business issues faced by a new fund or vehicle and the strategic direction of such businesses. As such, the Firm is responsible for any restructuring or reorganization of these asset management businesses from time to time, any disputes or litigation with respect to the ownership arrangements of such businesses and any decision to sell or otherwise dispose of all or any portion of such businesses.

The Firm provides advisory services to the Clients based on specific investment mandates, objectives and strategies set forth in each Client’s offering memorandum, limited partnership agreement or memorandum and articles of association, subscription document, investment and advisory, investment management, collateral management or portfolio management agreements or

together, with other similar documents, the Governing Documents. These documents typically contain investment guidelines for and/or investment restrictions imposed on the applicable Client. Separately, each Client may impose additional investment restrictions or guidelines. The Firm provides investment supervisory services in accordance with the terms of the Governing Documents.

The Firm does not participate in wrap fee programs.

The Firm's subsidiaries include the following entities:

- Polygon Global Partners (Polygon), established in 2002, manages investment vehicles that are focused on event-driven equity investing.
- LCM (LCM), an indirect, wholly-owned subsidiary of the Firm is a specialist in below-grade U.S. broadly-syndicated leveraged loans. Currently, LCM manages loan assets exclusively through CLOs, which are long-term, multi-year investment vehicles. LCM was established in 2001.
- Hawke's Point (Hawke's Point) is an asset management company focused on mining finance, established by the Firm in 2014, that seeks to provide strategic capital to companies in the mining and resource sectors.
- Banyan Square (Banyan Square), established by the Firm in 2019, is an investment management business focused on providing non-control equity investments, as well as opportunistic investments in public equity and credit instruments.
- Contingency Capital (Contingency Capital), established by the Firm in 2020, is a global asset management business that sponsors and manages investment funds focused on credit-oriented legal assets.
- Acasta Partners (Acasta) an alternative investment firm whose approach includes strategies directed at convertible bonds and volatility linked instruments, metals and mining companies and commodities, as well as fundamental and event-driven opportunities across the credit markets. The Firm owns a non-controlling interest in the business, and provides infrastructure and other services to Acasta.
- Equitix (Equitix) is an integrated core infrastructure asset management and primary project platform, with a sector focus on social infrastructure, transport, renewable power, environmental services, network utilities and data infrastructure. Equitix was established in 2007 and acquired by Tetragon in 2015. One of Equitix's affiliates, Equitix Investment Management Limited, is authorised and regulated by the FCA.
- Tetragon Credit Partners (Tetragon Credit Partners) is a structured credit investing business focused on primary CLO control equity as well as a broader series of offerings across the CLO capital structure. Tetragon Credit Partners was founded in 2015.

- TCICM (TCICM) was established in 2017 and is a specialist in below-investment grade U.S. broadly syndicated loans and CLOs. It commenced operations in 2018 to act as a CLO collateral manager and sponsor for certain CLO investments. In connection with these CLOs, TCICM may enter into a sub-advisory arrangements with third-party CLO managers.

The Firm also has an investment in:

- BentallGreenOak (BentallGreenOak) is a real estate-focused principal investing, lending and advisory firm. BentallGreenOak was formed in June 2019 upon the merger of the Firm's GreenOak Real Estate joint venture with Bentall Kennedy, an affiliate of SLC Management, a global institutional asset management arm of Sun Life Financial Inc. Tetragon owns approximately 13% of the combined entity. GreenOak Real Estate was founded in 2010. BentallGreenOak is separately registered as an investment adviser with the SEC. Except where otherwise noted, information with respect to BentallGreenOak is not included in this Brochure, but is otherwise available on that firm's Form ADV.

The amount of client net asset value the Firm manages on a discretionary basis is approximately \$18.2 billion (as of December 31, 2022). The amount of client net asset value the Firm manages on a non-discretionary basis is approximately \$158.1 million.

## **Item 5 Fees and Compensation**

The Firm or its affiliates generally receive Management Fees and Performance-Based Fees (each as defined below) from Clients. A Client may also reimburse the Firm and its affiliates for certain expenses and/or make other payments to the Firm or its affiliates for services provided to its portfolio investments. Additionally, consistent with the Governing Documents of a Client, the Clients typically bears certain out-of-pocket expenses incurred by the Firm in connection with the services provided to the Client and/or the portfolio investments. Further details about certain common fees and expenses are set forth below.

### *Management Fees*

As compensation for investment supervisory services rendered to the Clients, the Firm receives from each such Client a management fee (each, a Management Fee) typically calculated based on either a percentage of the net asset value (NAV) or account balance with respect to such Client or the aggregate amount of invested capital with respect to such Client. Management Fees may be reduced during the life of a Client. The precise amount of, and the manner and calculation of, the Management Fees for each Client are established by the Firm and are set forth in such Client's Governing Documents. Management Fees are generally subject to modification, waiver or reduction by the Firm in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which may not be disclosed to other investors in the same Client. The fee structures described herein may be modified from time to time. Fees may differ from one Client to another, as well as among investors in the same Client.

Management Fees are typically paid monthly in advance. As redemptions from Clients are generally limited to specified redemption dates falling at month end, the Firm does not typically

refund any pre-paid Management Fees. However, if services with respect to a particular Client are terminated prior to the complete rendering of services for the period, the Firm generally refunds to the relevant Client Management Fees on a prorated basis.

For CLOs managed by LCM and TCICM, or together, the CLO Managers, fees and compensation vary depending on the particular CLO managed. Such fee and compensation terms are described in the applicable Governing Documents of the CLO. The CLO Manager may manage CLOs with different fees, fee structures and schedules, and expenses payment arrangements. Typically the CLO Managers are entitled to receive collateral management fees, which typically consist of a senior collateral management fee, subordinated collateral management fee and an incentive collateral management fee as well as the reimbursement of certain expenses.

As compensation for managing a particular CLO, the CLO Managers typically receive a management fee calculated as an annual percentage of the value of the managed collateral. Finally, an incentive collateral management fee or additional incentive return in the form of a profits interest may be payable to the CLO Managers or an affiliate subsequent often to holders of the lowest rated tranche of notes or interests having surpassed a specified internal rate of return. This fee is typically calculated as a percentage of the proceeds in excess of the identified internal rate of return. Collateral management fees and incentive collateral management fees are generally paid quarterly pursuant to a distribution waterfall that sets out a priority of payments.

The CLO Managers may engage subadvisors who will typically earn a substantial portion of the various management and incentive fees from the CLOs for which the CLO Managers act as collateral manager.

#### *TFG Asset Management Expenses*

To the extent provided in the Governing Documents and except as described herein as an expense of the Clients, TFG Asset Management will bear certain expenses and costs associated with the performance of its services, including expenses on account of rent, utilities, office supplies, office equipment, the compensation and expenses of certain of its partners, officers and employees and other normal and routine administrative expenses relating to the services and facilities provided by TFG Asset Management to the Clients.

#### *Expenses*

##### *Organizational Expenses*

Consistent with the Governing Documents, Clients generally pay for certain expenses related to their organization, such as legal expenses, accounting expenses, filing expenses and fees incurred in connection with organizing and establishing the fund and its affiliates and expenses incurred in connection with marketing and offering of interests in the fund and its affiliates (including travel expenses and printing costs or other similar amounts, incurred in connection with the offering of interests in the fund and its affiliates but excluding placement fees). Certain clients may have a cap on the previously listed expenses, as described in the offering materials, disclosure documents and/or governing document of the relevant clients.

### *Operational Expenses*

Consistent with the Governing Documents, Clients generally pay for expenses related to their operation, such as any fees, costs and expenses directly related to the purchase, holding and sale of the client's investments including the costs and expenses of all transactions carried out by it or on its behalf. In addition, Clients generally pay for all costs and expenses of the administration of a Client including (without limitation), (i) the charges and expenses of legal advisers and counsel (including expenses related to regulatory or similar investigations, inquiries and "sweeps"), auditors (including the audit and certification fees and costs of printing and distributing reports to the client's investors), accountants and other professional expenses (including fees and expenses of investment bankers, appraisers, valuation agents, third-party pricing vendors, public and government relations firms and other consultants and experts), (ii) brokers' commissions (if any), and other transaction expenses borrowing charges on securities sold short and any issue, withholding or transfer taxes chargeable in connection with any securities transactions, (iii) certain taxes, fees or other governmental charges levied against the client and expenses for transactions not completed (including amounts payable to third parties and all fees and expenses of lenders, investment banks and other financing sources in connection with arranging financing for transactions that are not consummated and any deposits or draw-down payments that are forfeited in connection with unconsummated transactions), (iv) all taxes and corporate, regulatory, licensing, filing or registration fees payable to governments or agencies, (v) directors' fees (if any) and expenses, (vi) principal, interest on and fees arising out of all Client borrowings, including borrowings from any prime brokers, (vii) communication expenses with respect to investor services and all expenses of meetings of shareholders and of preparing, printing and distributing financial and other reports, proxy forms, prospectuses and similar documents, (viii) insurance, (ix) (the cost of insurance (if any) for the benefit of the applicable board of directors, (x) registered office fees and filing fees, (xi) litigation and indemnification expenses and extraordinary expenses not incurred in the ordinary course of business, (xii) the cost of obtaining and maintaining any listing of the shares on an exchange, (xiii) asset and property management services, (xiv) custodial fees, (xv) bank service fees, (xvi) research (other than research as defined in the rules of the FCA), (xvii) Bloomberg expenses, (xviii) travel expenses related to investments of a Client, whether consummated or not, (xix) other expenses related to the potential or actual acquisition or disposition of assets of a Client, (xx) fees, costs and expenses related to compliance with any applicable law, rule or regulation (including regulatory filings or other expenses of a Client or the Firm, including Form PF filings (and other required regulatory filings relating to a specific investment or Client) and the cost of preparing, submitting and filing any reports related to the AIFM Directive or AEOI, (xxi) expenses and fees incurred in connection with monitoring the environmental, social and governance (ESG) profiles of current and potential portfolio investments, including the engagement of third-party ESG rating services, and otherwise satisfying the Firm's and its affiliates' commitments as PRI signatories or otherwise fulfilling their ESG commitments with respect to a Client, (xxii) all other organizational and operating expenses, including the fees and expenses of any administrator, prime broker, custodian or other service providers to the Fund or the Master Fund, (xxiii) the Management Fee, and (xxiv) expenses associated with a Client, and other similar fees and expenses, as well as any other fees or expenses incurred by the Firm or such Client in connection with such Client's operations that are not specifically set forth above as being paid by the Firm.



Clients also pay indirect operational expenses; examples that fall within this category are information technology costs as well as market data and research costs. Information technology consists of software tools, programs or other information technology and data subscription services. These costs include computer software and hardware, electronic equipment or information technology services purchased from third-party vendors, including risk analysis software and trade surveillance technology and costs and expenses incurred with respect to research publications, materials, equipment and services.

#### *Allocation of Expenses*

From time to time the Firm will be required to decide whether certain fees, costs and expenses should be borne by the Firm, its affiliates (including TFM), Clients, a portfolio investment, co-investors and/or a third party (each, an Allocable Party) and if so, how such fees costs and expenses should be allocated among the relevant Allocable Parties. Certain fees, costs and expenses may be the obligation of one particular Allocable Party and may be borne by such Allocable Party, or fees, costs and expenses may be allocated among multiple Allocable Parties. The Firm allocates fees, costs and expenses in accordance with the Client's Governing Documents. To the extent not addressed in the Client's Governing Documents, the Firm will make allocation determinations among Allocable Parties in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. These determinations may include pro rata allocation based on the respective investment (or anticipated investment) of an Allocable Party in an investment, relative benefit received by an Allocable Party, allocation of professionals' time, or such other equitable method as determined by the Firm in its sole discretion. The particular methodology used to allocate such amounts where services are provided are expected to vary depending on the types of services provided and could, in certain circumstances, change from one period to another. The Firm will make any corrective allocations and take any mitigating steps if it determines in its sole discretion that such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Client for a particular service may not reflect the relative benefit derived by such Client from that service in any particular instance and a Client will bear more or less of a particular expense based on the methodology used. Any methodology chosen by the Firm involves inherent conflicts of interest and could result in a greater expense to the Clients than would be the case if such services were provided by third parties.

Certain Clients and affiliates of the Firm also bear their allocable portion (as determined by the Firm in its good faith discretion) of the compensation (including, without limitation, salary, bonus, payroll taxes, pension, benefits (including vacation time and sick leave)), expenses and overhead (including, without limitation, rent, property taxes and utilities allocable to the workspaces) attributable to certain employees, partners, members, or officers of the Firm and its affiliates including for activities that include, but are not limited to, infrastructure services such as operations, financial control, trading, marketing and investor relations, legal, compliance, office administration, payroll and employee benefits, services relating to the dealing in and management of certain investments, arrangement of deals and advising on certain investments and other services. It is expected that the services provided by Firm employees will expand over time.

The allocation of such compensation and expenses between the Firm, its affiliates and the Clients require judgments as to methodology that the Firm makes in good faith but in its sole discretion.

These allocation methodologies include requiring personnel to periodically record and allocate their time (which is commonly expressed as Full Time Equivalents (FTEs)) with respect to the Clients and the Firm's affiliates. On a monthly basis, Firm employees, directly or via their team head, provides a breakdown of the approximate percentage of time spent supporting Clients or the Firm's affiliates for the previous month (this excludes certain functions such as office management and technology that are charged to business users on a standard basis (e.g., space used or global headcount) which removes any need on the part of those teams to allocate their FTEs). Once allocated percentages are determined and agreed, an FTE is derived, subject to adjustments for items determined by contractual arrangements. Core personnel costs, including salary, bonus, pension and healthcare, are charged on an actual employee cost basis to each business line (including the Firm) based on the FTE allocation described above. In addition to FTE costs, there are a number of other costs that reflect the use of resources by Firm personnel on behalf of Clients and the Firm's affiliates, including real property costs, technology, travel and entertainment and market data. A standard cost methodology is used to allocate these costs to Clients and the Firm's affiliates. The setting of standard costs is designed to reflect what those costs would be on an arm's-length basis. The methodology is designed to create consistency in order to provide a fair allocation of resource costs to all businesses. The Firm may also utilize any other methodology determined by the Firm to be appropriate under the circumstances. The particular methodology used to allocate such amounts where services are provided are expected to vary depending on the types of services provided and could, in certain circumstances, change from one period to another. Any methodology chosen by the Firm involves inherent conflicts of interest and could result in a greater expense to the Clients and the Firm's affiliates than would be the case if such services were provided by third parties.

#### *Brokerage Fees*

When a broker is used in connection with an investment by a Client, the Firm will incur brokerage and other transaction costs. For more information on brokerage transactions and costs, please see Item 12 Brokerage Practices.

#### *Performance-Based Fees*

Please see Item 6 below regarding performance-based fees paid by the Clients.

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

#### *Performance Fee or Carried Interest*

The Firm may receive an incentive fee, performance fee or "carried interest," or collectively, Performance-Based Fees, from clients in connection with the performance of advisory duties. Incentive and performance fees may equal 20% of an investor's share of the client's NAV appreciation (realized as well as unrealized) and may be subject to applicable hurdles and/or high-water marks. Such fees are typically based on calendar year performance. Where applicable, the Firm receives carried interest from clients, when distributions occur to underlying investors and only upon achieving agreed targets.

The payment by some, but not all, Clients of Performance-Based Fees or the payment of Performance-Based Fees at varying rates (including varying effective rates based on the past

performance of a Client) creates an incentive for the Firm to disproportionately allocate time, services or functions to Clients paying Performance-Based Fees or Clients paying Performance-Based Fees at a higher rate, or allocate investment opportunities to such Clients. See also Item 11 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by the Firm.

## **Item 7      Types of Clients**

The Firm currently provides investment management services to the Clients. Investment advice is provided directly to the Clients (subject to the direction and control of the general partner of each such Client, if applicable) and not individually to investors in such Client.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and may include, among others, U.S. and non-U.S. institutional investors, including, among others, governmental and corporate pension and profit-sharing plans, registered investment companies, financial institutions, trusts, pooled investment vehicles, charitable organizations, foundations, endowment funds, corporations, other business entities, state and municipal entities and certain high net worth individuals and family offices.

Additionally, the Firm’s subsidiaries LCM and TCICM currently serve as collateral managers or managers of various CLO vehicles, funds, managed accounts or other investment vehicles.

The Firm determines in its sole discretion any requirements for entering into an investment advisory contract or otherwise opening or maintaining a fund or other client account.

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

The Firm advises the Clients with the aim to maximize investment returns through investments that offer the opportunity for enduring alpha generation. In an effort to achieve this, the Firm’s investment teams each employ investment processes that incorporate various methods of securities and investment opportunity analysis, such as charting and cyclical, fundamental, technical, macro and/or quantitative modeling. The Firm seeks to conduct reasonable and appropriate diligence of its investments based on the facts and circumstances applicable to each investment opportunity. When conducting diligence and making an assessment of an investment opportunity.

The Firm generally focuses Clients on dedicated specific opportunities with liquidity and capacity designed to seek to match the liquidity of the underlying assets in each Client, provide returns across market cycles and align investors’ interests with the Firm. Client investment teams manage Client capacity with a goal toward ensuring that performance and liquidity are not compromised.

The Firm invests in and actively trades securities and other financial instruments using a variety of strategies and investment techniques with significant risk characteristics, including the risks arising from the volatility of the equity, fixed-income, commodity and currency markets, the risks of borrowings and short sales, the risks arising from leverage associated with trading in the equities, currencies and over-the-counter derivatives markets, the illiquidity of derivative instruments and the risk of loss from counterparty defaults. Additionally, no method of securities analysis can guarantee a particular investment result or outcome and the use of investment tools

cannot and does not guarantee investment performance. The methods of analysis utilized by the Firm involve the inherent risk that any valuations, pricing inefficiencies or other opportunities identified may not materialize or have the anticipated impact on the price of a security. Each method of analysis relies in varying degrees on information furnished from third-party and publicly available sources. This presents the risk that methods of analysis may be compromised by inaccurate, incomplete, false, biased or misleading information. Assumptions used for modeling purposes may prove incorrect, unreasonable or incomplete and the Firm cannot be certain that its due diligence performed with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity.

Clients may utilize leverage which can, in certain circumstances, substantially increase the adverse impact to which a client's investment will be subject.

### *Methods of Analysis and Investment Strategies*

As a multi-strategy platform, the Firm seeks to build investment vehicles that leverage the Firm's specific areas of expertise and track records. The Firm is focused on investing in areas where it believes there is the opportunity for enduring alpha generation, and on working with groups and individuals that have demonstrated their ability over different business cycles.

For each strategy, the Firm seeks to ensure compatibility of the underlying assets and strategy terms (including, liquidity and capacity) and alignment of its investors' interests with its own.

As risk factors are typically tailored to each affiliated investment adviser and investment strategy on the Firm's platform, this section includes risk factors that are common across the Firm's investment strategies or that are the most material. Please consult each Client's Governing Documents for a full description of risk factors applicable to the investment strategy.

### *European Event Driven Strategy*

The Polygon European Event Driven Strategy seeks to achieve superior risk adjusted returns by (i) investing in equity and other securities issued by certain targeted small and mid-cap European companies with potentially significant valuation re-rating upside and (ii) opportunistically investing in attractive short-duration, liquid recapitalization or other newly issued securities and merger arbitrage positions. As equity and credit markets normalize and other opportunities arise in European equities, the Firm may broaden the strategy to pursue a wide range of European event-driven and merger arbitrage opportunities, including through investments in large-cap equity opportunities.

The strategy invests predominantly in European listed equity securities but may also invest in other asset classes and in other non-European jurisdictions.

### *Convertible Securities and Credit Strategy*

The Acasta Convertible Securities and Credit Strategy seeks to achieve its investment objective primarily from investments (directly or indirectly) in or relating to, convertible securities, credit (and other) instruments of high-yielding, stressed or distressed issuers, various instruments across

the capital structure of mining and metals companies and the various commodities underlying their businesses, and instruments linked to volatility and correlation.

Investments may be made pursuant to various investment strategies and on the basis of fundamental, quantitative, technical and other security, event or company specific research. Strategies have been established, for example, to capitalize on opportunities in credit, equity, or volatility either on a security specific or relative value basis or within a firm's capital structure.

#### *Renewable Sources Strategy*

The Acasta Renewable Sources Strategy seeks to achieve its investment objective primarily through investments (directly or indirectly) which target opportunities driven by an expected transition of energy and power to renewable sources and a general de-carbonization of industry. Investments are expected to be primarily focused on instruments in the metals and mining industry, and those related to commodities and companies which are most affected by the energy transition theme. Investments may be made pursuant to various investment strategies and on the basis of fundamental, quantitative, technical and other security, event or company specific research. Investments may be made across the capital structure of issuers with an emphasis on equity, convertible and other debt securities. Positions may be taken on a security-specific or relative value basis.

#### *Global Equities Capital Markets Strategy*

The Polygon Global Equities Capital Markets Strategy seeks to achieve its investment objective by investing in initial public offerings and other special situations in the United States and other jurisdictions around the world. The strategy may invest in a broad range of special situations, including but not limited to equity re-capitalizations, initial public offerings and other capital markets driven situations.

#### *Recovery Fund Strategy*

The Polygon Recovery Fund Strategy was established to provide investors exposure to an identified portfolio of securities currently primarily comprised of a retail investment in Europe.

#### *Mining Strategy*

The Hawke's Point Mining Strategy aims to provide non-traditional financing for mining and resource sector companies. The strategy seeks to achieve its investment objective primarily through investments in opportunities to acquire, develop, restructure or manage mining related projects or enterprises.

#### *Private Equity Strategy*

The Banyan Square Private Equity Strategy is focused on providing non-control structured and common equity investment opportunities. The Firm seeks to support private equity acquisition financing, growth initiatives and liquidity events.

### *Legal Assets Strategy*

The Contingency Capital Legal Assets Strategy is focused on credit-oriented legal assets. The strategy is focused on a broad spectrum of legal assets including loans to law firms, corporate litigation portfolios, and distressed special situations investments where the primary driver is related to a legal, tax or regulatory process. The investment strategy combines litigation expertise with a fundamental credit approach to build diversified pools of legal assets and structures them to create non-binary outcomes with sustainable credit-like returns.

### *Loan Strategy*

The LCM Loan Strategy invests in below-investment grade U.S. leveraged loans and other credit products and employs an active credit risk management style.

### *CLO Investments Strategy*

The Tetragon Credit Partners CLO Investments Strategy is to, primarily, (i) invest (directly and indirectly) in the residual tranches of a broad range of CLOs, including CLOs managed or sub-advised by LCM, (ii) invest in loans and CLO debt securities, and (iii) act alone or with or through its affiliates, entering into strategic partnerships and arrangements with CLO managers, which could include, on a limited basis, acquiring interests in such managers or related parties.

The TCICM CLO Investments Strategy is to act as a CLO collateral manager for certain CLO investments. It currently manages loan assets exclusively through CLOs (which includes warehouse vehicles created in anticipation of future CLOs), which are long-term, multi-year investment vehicles. TCICM utilizes the investment expertise of certain third-party sub-advisors to assist in the management of its CLOs.

### *Risks Relating to the Clients Generally*

#### *Risks Relating to Coronavirus and Public Health Emergency*

In 2020, there was an outbreak of a novel and highly contagious form of coronavirus, or COVID-19, which the World Health Organization declared to constitute a “Public Health Emergency of International Concern”. The outbreak of COVID-19 resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in many equity and debt markets globally. Many governments and businesses reacted by instituting quarantines and other social distancing measures, prohibitions on travel (including on the movement of people and goods between countries), material monetary and/or fiscal policy changes, and the closure of offices, businesses, schools, retail stores and other public venues. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, have created significant disruption in supply chains and economic activity and have had a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on the investment manager, the fund and could adversely affect the fund and its investments’ ability to fulfil its investment objectives. The spread of the COVID-

19 creates a variety of potential risks. The magnitude and duration of these risks cannot be predicted at this time.

The extent of the impact of any public health emergency on the Firm's investments' operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand (consumer and industrial), goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, disruptions to shipping and other transportation, all of which are highly uncertain and cannot be predicted. The effects of a public health emergency may materially and adversely impact the value and performance of the Firm's investments, the Firm's ability to source, manage and divest investments and the Firm's ability to achieve its investment objectives, all of which could result in significant losses to the Clients. In addition, the operations of the Clients, the investments and the Firm may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel or meetings and other factors related to a public health emergency, including operational disruptions and its potential adverse impact on the health of any such entity's personnel and reduced efficiency due to illness of a portion of the workforce or the need to work remotely. The Firm's key vendors and service providers, such as providers of outsourced accounting services, consultants and external counsel, are also subject to these risks.

#### *Risks Resulting from the United Kingdom's Exit from the European Union*

The United Kingdom withdrew from the European Union on January 31, 2020. This is referred to as Brexit. In connection with Brexit, the United Kingdom and the European Union agreed the Trade and Cooperation Agreement, or TCA, that governs the future trading relationship between the United Kingdom and the European Union in specified areas. The TCA took effect from January 1, 2021, following a transition period that commenced immediately following the Brexit date.

The United Kingdom is no longer in the European Union customs union and is outside of the European Union single market. As a result, logistical disruption is expected whilst the United Kingdom and European Union implement the new relationship under the TCA. Notably, the TCA does not include an EU-wide cooperation arrangement for financial services, with U.K. firms instead having to negotiate individual European Union member state regulations and cooperation/recognition arrangements. The initial timeframe set to agree a financial services cooperation framework may be subject to extension and a cooperation agreement on financial services is not guaranteed. The uncertainty surrounding the implementation of the TCA and the outcome of ongoing negotiations may have economic, tax, fiscal, legal, regulatory and other implications for the asset management industry, the broader European and global financial markets generally and for the Firm. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships in, the United Kingdom or the European Union, including companies or assets held or considered for prospective investment by the Clients.

The future application of EU-based legislation and/or taxation to the private fund industry in the United Kingdom will depend, among other things, on how the United Kingdom negotiates its relationship with the European Union as regards financial services. There can be no assurance that any negotiated laws, taxation and/or regulations will not have an adverse impact on the Clients and their investments. The ongoing effects of Brexit may result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management (due in part to redenomination of financial assets and liabilities), an adverse effect on the Clients and increased legal, regulatory or compliance burden on the Clients, each of which may have a negative impact on the operations, financial condition, returns or prospects of the Clients.

Whilst the most immediate impacts of Brexit on corporate transactions will likely be related to changes in market conditions, the development of new regulatory regimes and parallel competition law enforcement may have an adverse impact on transactions, particularly those occurring in, or impacted by conditions in, the United Kingdom and the European Union.

### *Cybersecurity Risk*

The Firm, the Clients' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Clients and their investors, despite the efforts of the Firm and the Clients' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the security, confidentiality, integrity and availability of information belonging to the Client and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, encrypt or otherwise prevent access to these systems of the Firm, the Clients' service providers and counterparties, as well as the data stored by these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Firm's systems to disclose sensitive information in order to gain access to the Firm's data or that of the Clients' investors. A successful penetration or circumvention of the security of the Firm's systems by unauthorized third parties could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Clients, the Firm or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, the Firm may incur substantial costs related to investigation of the origin and scope of a cybersecurity incident, increasing and upgrading cybersecurity protections including its administrative, technical, organizational and physical controls, acts of identity theft, unauthorized use or loss of proprietary information, adverse investor reaction, increased insurance premiums or difficulties obtaining insurance coverage, or litigation, regulatory actions or other legal risks.

Similar types of operational and technology risks are also present for the companies in which the Clients invest, which could have material adverse consequences for such companies, and may cause the Clients' investments to lose value.

### *Russian Invasion of Ukraine*



On February 24, 2021, the Russian military commenced a full-scale invasion of Russia's forces into Ukraine and the conflict is currently ongoing. In response, the United States, United Kingdom, the European Union and other countries imposed sanctions designed to target the Russian financial system. Further sanctions may be forthcoming, and the United States and allied countries have announced they are committed to taking steps to prevent certain Russian banks from accessing international payment systems. Russia's invasion of Ukraine, the resulting displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions could have a negative impact on the economy and business activity globally and therefore could adversely affect the performance of the Clients' investments. Furthermore, given the ongoing and evolving nature of the conflict between the two nations and its ongoing escalation (such as Russia's decision to place its nuclear forces on high alert and the possibility of significant cyberwarfare against military and civilian targets globally), it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to the Clients and the performance of their investments or operations, and the ability of the Clients to achieve their investment objectives.

#### *Custody and Banking Risks*

The Clients will maintain funds with one or more banks or other depository institutions (banking institutions), which may include US and non-US banking institutions, and may enter into credit facilities or have other financial relationships with banking institutions. The distress, impairment or failure of one or more banking institutions with whom the Clients, their portfolio investments, the general partners and/or the Firm transact may inhibit the ability of the Clients or their portfolio investments to access depository accounts or lines of credit at all or in a timely manner. In such cases, the Clients may be forced to delay or forgo investments or to call capital when it is not desirable to do so, resulting in lower performance for the Clients. In the event of such a failure of a banking institution where the Client or one or more of its portfolio companies holds depository accounts (including accounts used for depositing principal and interest payments from borrowers on loans owned by a Client) access to such accounts could be restricted and U.S. Federal Deposit Insurance Corporation (FDIC) protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to banking institutions in other jurisdictions not subject to FDIC protection). In such instances, the Clients and their affected portfolio investments may not recover such excess, uninsured amounts and instead, would only have an unsecured claim against the banking institution and participate pro rata with other unsecured creditors in the residual value of the banking institution's assets. The loss of amounts maintained with a banking institution or the inability to access such amounts for a period of time, even if ultimately recovered, could be materially adverse to the Clients or their investments. One or more investors or a Client's general partner could also be similarly affected and unable to fund capital calls, further delaying or deferring new investments. In addition, a Client's general partner may not be able to identify all potential solvency or stress concerns with respect to a banking institution or to transfer assets from one bank to another in a timely manner in the event a banking institution comes under stress or fails.

#### *Environmental, Social and Governance Matters*

While environmental, social or governance (ESG) is only one of the many factors the Firm will consider in making an investment, there is no guarantee that the Firm will successfully implement

and make investments in companies that create positive ESG impact while enhancing long-term shareholder value and achieving financial returns. To the extent that the Firm engages with companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of the Firm will depend on the Firm's skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be no assurance that the strategy or techniques employed will be successful. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on the Firm's view of certain ESG-related and other factors, and carries the risk that the Firm may underperform funds that do not take ESG-related factors into account because the market may ultimately have a different view of a particular company's performance than that anticipated by the Firm.

Consideration of ESG factors may affect the Firm's exposure to certain companies, sectors, regions, countries or types of investments, which could negatively impact the Firm's performance depending on whether such investments are in or out of favor. Applying impact investing goals to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by the Firm or any judgment exercised by the Firm will reflect the beliefs or values of any particular investor. In evaluating a company, the Firm is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause the Firm to incorrectly assess a company's ESG practices and/or related risks and opportunities. ESG-related practices differ by region, industry and issue and are evolving accordingly, and a company's ESG-related practices or the Firm's assessment of such practices may change over time.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and the Firm's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. The Firm's ESG policies could become subject to additional regulation in the future, and the Firm cannot guarantee that its current approach will meet future regulatory requirements.

### *Climate Change*

The Clients may acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the Clients' business and operations. Physical impacts of climate change may include increased storm intensity and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and changing temperatures. As a result of these impacts from climate-related events, the Clients may be vulnerable to the following: risks of property damage to the Clients' investments; indirect financial and operational impacts from disruptions to the operations of the Clients' investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in

which investments are located, resulting in lower than expected demand for both investments and the products and services of the Clients' investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the Clients' business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

#### *Possibility of Fraud and Other Misconduct of Employees and Service Providers*

Misconduct by employees of the Firm, service providers to the Firm or the Clients and/or their respective affiliates could cause significant losses to such Clients. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Clients, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Clients and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Clients. The Firm has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that the Firm will be able to identify or prevent such misconduct.

#### *LIBOR Replacement and Other Reference Rates Risk*

Payment obligations, financing terms and investments in many financial instruments (including debt securities and derivatives) may be tied to floating rates, such as the London Interbank Offered Rate, or LIBOR. In 2017, the United Kingdom FCA announced its intention to cease compelling banks to provide the quotations needed to sustain LIBOR after 2021. ICE Benchmark Administration, the administrator of LIBOR, ceased publication of most LIBOR settings on a representative basis at the end of 2021 and is expected to cease publication of a majority of U.S. dollar LIBOR settings on a representative basis after June 30, 2023. In addition, global regulators have announced that, with limited exceptions, no new LIBOR-based contracts should be entered into after 2021. Actions by regulators have resulted in the establishment of alternative reference rates to LIBOR in most major currencies (e.g., the Secured Overnight Financing Rate for U.S. dollar LIBOR and the Sterling Overnight Interbank Average Rate for GBP LIBOR). Various financial industry groups have been planning for the transition away from LIBOR and markets are developing in response to these new rates, but questions around the liquidity of the new rates and how to appropriately adjust these rates to eliminate any economic value transfer at the time of transition remain a significant concern. It is difficult to predict the full impact of the transition away from LIBOR on funds. The transition process may involve, among other things, increased volatility or illiquidity in markets for instruments that rely on LIBOR. Any such effects of the transition away from LIBOR, as well as other unforeseen effects, could result in losses. Since the usefulness of LIBOR as a benchmark could also deteriorate during the transition period, effects could occur at any time.

The Firm is unlikely to be in a position to make individualized determinations regarding replacement benchmark rates based on the particular impact to each affected investment.

#### *Certain Investment Strategy Risks*

The risks listed below are not a complete list of potential risks for the Firm's strategies, and investors should consult the Governing Documents of the relevant Client for a more comprehensive description of risks associated with their investments.

#### *European Event Driven Strategy*

European-listed equity securities investments are subject to various risks, many of which are beyond the Firm's control. Risks or events which could negatively affect such equity security investments include, but are not limited to:

- increased volatility in the market price and with respect to trading volume of the equity securities;
- increased uncertainty and government intervention in global financial markets;
- leverage and financing risk and the use of options, futures, short sales, swaps, forwards and other derivative instruments potentially magnifying losses; fluctuations in currency exchange rates;
- market illiquidity; and
- exacerbation of the sovereign debt crisis in the Eurozone.

This strategy invests predominantly in European listed equity securities but may also invest in other asset classes and in other non-European jurisdictions.

#### *Convertible Securities Strategies*

Convertible securities are subject to various risks, many of which are beyond the Firm's control. Risk or events which could negatively affect convertible security investments include, but are not limited to:

- declining credit quality of issuers of the convertible securities;
- increased volatility in the market price and with respect to trading volume of the underlying equity into which the convertible securities are convertible;
- leverage and financing risk and the use of options, futures, short sales, swaps, forwards and other derivative instruments potentially magnifying losses;
- fluctuations in interest rates and currency exchange rates; and
- market illiquidity.

### *Mining Securities Strategies*

In addition to the risks associated with equity investments generally that are discussed below, risks or events which could negatively affect mining-industry related equity investments include, but are not limited to:

- Hazards (e.g., fire, explosion, floods, structural collapses, etc.) are inherent risks for resource issuers. Safety measures implemented by resource issuers may not be successful in preventing or mitigating future accidents and such issuers may not be able to obtain insurance to cover these risks at economically feasible premiums or at all.
- While a resource issuer may have registered its mineral exploration and mining rights with the appropriate authorities and filed all pertinent information to industry standards, this cannot be construed as a guarantee of title. A successful challenge to the precise area and location of these claims could result in a resource issuer being unable to operate on its properties as permitted or being unable to enforce its rights with respect to its properties.
- Resource activities are subject to extensive controls and regulations imposed by various levels of government around the world that may be amended from time to time. There can be no assurance that resource issuers in which invested will be able to obtain all necessary licenses and permits or obtain them in a timely manner.
- There is no certainty that expenditures made by resource issuers towards the search and evaluation of metals and minerals will result in discoveries of mineral occurrences. There is no assurance that even if commercial quantities are discovered that a new ore body would be developed and brought into production.
- A resource issuer's ability to reach, maintain or increase production depends not only on its ability to exploit existing properties, but also on its ability to select and acquire suitable properties or prospects for exploration. Few properties that are explored are ultimately developed into producing mines. Even if a resource issuer reaches production, its ability to perform at expected levels of output will be dependent on a number of factors, many of which may be beyond the issuer's control.
- Commodity prices are unstable and are subject to fluctuation. The price of most commodities is affected by numerous factors beyond the control of resource issuers. Any material decline in commodity prices could result in a reduction of a resource issuer's production revenue.
- Most resource activities involve making substantial capital expenditures for the acquisition, exploration, development and production of commodities. If a resource issuer has no revenue or if its revenues decline, it may have limited ability to expend the capital necessary to undertake or complete future activities and may be dependent on various financing transactions or arrangements. Failure to raise adequate financing when needed can have a material adverse effect on an issuer's business.

- Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure and equipment. Disruptions in the supply of products or services or breakdown or failure of equipment required for their activities in any of the jurisdictions in which resource issuers operate would also adversely affect their business, results of operations, financial condition, cash flows and prospects.
- There are numerous uncertainties inherent in estimating the quality and quantity of mineral deposits, and any cash flows to be potentially derived therefrom, many of which are beyond the control of resource issuers. Actual production, if any, and cash flows derived therefrom, if any, may vary from a resource issuer's expectations and such variations could be material.
- Mining operations are subject to various laws and regulations governing the protection of the environment, waste disposal, safety and other matters. A breach of such legislation may result in the imposition of fines and penalties.
- Mining companies often operate in foreign countries, where there are added risks and uncertainties due to the different economic, cultural and political environments.

*Risks relating to private equity strategies*

Risks or events which could negatively affect private equity investments include, but are not limited to:

- Nature of Investment: Such investments often require a long-term commitment with no certainty of return and may not generate current income. Therefore, the return of capital and the realization of gains, if any, from such investments generally will occur upon the partial or complete realization or disposition of such investment, which may not occur (if at all) for an extended term.
- Liquidity risk: The illiquidity of private equity partnership interests and investments exposes investors to asset liquidity risk associated with selling in the secondary market at a discount on the reported NAV. Clients will generally not be able to sell the securities of such direct private investments publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases Clients may be prohibited by contract or regulatory reasons from selling certain securities for a period of time. There can be no assurances that private purchasers of such investments will be found.
- Uncertain exit strategies: Due to the illiquid nature of the investments which the Clients may make and expect to make, there can be no assurances as to what, if any, exit strategy will ultimately be available for any given investment position. Exit strategies which appear to be viable when an investment is initiated may be precluded when the investment is deemed to be ready for realization due to economic, legal, political or other factors. The larger the transaction, the greater the risk to total returns and success if there is uncertainty around the exit strategy.

- Available opportunities and competitive marketplace: The success of private equity investments generally depends on the availability of appropriate investment opportunities and the ability of the investment manager to identify, select, close and exit those investments. There can be no assurance that there will be a sufficient number of suitable investment opportunities for the Firm in respect of private investments and partnership interests. The investment manager will be competing with private equity funds, as well as institutional investors and strategic investors, for investments in such private equity transactions. As a result, there can be no assurance that the Firm will be able to locate suitable investment opportunities, acquire them for an appropriate level of consideration, or achieve its targeted rate of return.
- Market and capital risk: The fluctuation of the market has an impact on the value of the investments held in the portfolio. The realization value of private equity investments can be affected by numerous factors, including (but not limited to) the quality of the fund manager, equity market exposure, interest rates and foreign exchange.

#### *Distressed Securities Strategies*

Distressed securities strategies are subject to various risks. Risks or events which could negatively affect distressed investments include, but are not limited to:

- difficulty in obtaining information as to the true condition of the issuer;
- potential for abrupt and erratic market movements and above average price volatility of the securities; and
- potential for litigation.

#### *Investments in Distressed, Bankrupt or Special Situation Companies*

Certain Clients may invest in securities of issuers that are in a weak financial condition, experiencing poor operating results, having substantial financial needs or negative net worth, facing special competitive or product obsolescence problems, or are involved in bankruptcy or reorganization proceedings. Investments of this type involve substantial financial and business risks that can result in substantial or total losses. It frequently may be difficult to obtain information as to the financial conditions of troubled issuers. The market prices of such securities are also subject to abrupt and erratic market movements and above-average price volatility, and there may be wide spreads between the bid and ask prices of such securities. The ability of such companies to pay their debts on schedule and the market values of their debt securities could be affected substantially by adverse interest rate movements, changes in the general economic climate, economic factors affecting a particular industry or specific developments within such companies.

The level of analytical sophistication, both financial and legal, necessary for successful investment in companies experiencing significant business and financial difficulties is particularly high. Such types of securities require active monitoring and may, at times, require participation in bankruptcy or reorganization proceedings by the Firm on behalf of its Clients. To the extent that the Firm

becomes involved in such proceedings, the relevant Client may have a more active participation in the affairs of the issuer than that assumed generally by an investor. Clients, however, do not generally make investments for the purpose of exercising day-to-day management of any issuer's affairs.

Clients may also make speculative purchases of "special situation" securities. Such purchases may include securities that the Firm believes to be undervalued, or may involve situations where a significant position in the securities of a particular company has been acquired by other persons or where companies in the same or a related industry have recently been the target of acquisition attempts. If Clients purchase securities in anticipation of an acquisition attempt or reorganization, and an acquisition attempt or reorganization does not in fact occur during the time frame anticipated by the Firm, the Clients may sell the securities at a material loss. A substantial period of time may elapse between the Client's purchase of the securities and the acquisition attempt or reorganization. During this period, a portion of the Client's assets would be committed to the securities purchased, and the Client may have financed such purchases with borrowed funds on which it would have to pay interest. In liquidations and other forms of corporate reorganizations, there is a risk that the reorganization will be unsuccessful, will be delayed or will result in a distribution of cash or a new security with a value less than the Client's purchase price of the underlying security.

The Firm attempts to assess all of the foregoing risk factors, and others, in determining the nature and extent of the investment a Client will make in specific "special situation" securities. However, many risks, such as the outcome of governmental approvals or the outcome of pending or threatened litigation, cannot be quantified.

#### *Investments in Legal Assets Strategy*

The Firm may invest a portion of certain Clients' capital, directly or indirectly, in assets that primarily derive their value from the performance or outcome of an underlying legal claim or series of legal claims, or other legal, tax or regulatory process. Such investments are subject to various risks, many of which are beyond the Firm's control. In addition to the risks discussed above associated with investments generally, risks or events which could negatively affect investments in legal, tax and regulatory assets include, but are not limited to:

- The value of investments will primarily be dependent on the outcome of a legal, tax or regulatory process. There can be no guarantee that the assessment of the merits of a legal, tax or regulatory process will be correct. Certain of the investments will be subject to a binary outcome relating to the applicable legal, tax or regulatory process, and the investment may experience a complete loss with respect to one or more such investments.
- Law and professional regulation in the area of funding, acquiring or otherwise taking a financial position with respect to litigation and arbitration is complex and can be uncertain. Additional risks may arise from general restrictions on or impediments to the enforceability of contracts, such as those entered into in the period prior to insolvency, administration or other financial re-organization, or, more generally, where the claimant has been successful. In addition, U.S. federal and state courts have broad equitable powers and may limit the rights of a financing party in the interests of justice, as determined by such courts.



- Litigation finance investments are subject to the risk of borrower default and fraud. In evaluating potential investments, the accuracy and completeness of representations, warranties and covenants made by the borrowers is relied upon and subject to the risk of material misrepresentation or omission on the part of the borrowers or breach of covenant by the borrowers. Such inaccuracy or incompleteness or failure to meet a covenant may adversely affect the valuation of the collateral underlying an investment or may adversely affect the ability to perfect or effectuate a lien on the collateral securing an investment or to realize such investment. Under certain circumstances, payments may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.
- In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively referred to as lender liability). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in a creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain investments in the litigation finance space, such investments could be subject to allegations of lender liability.
- Transactions entered into could, if challenged in a court or other tribunal or by a regulatory or governmental authority or agency, be determined to be an insurance contract. This may have adverse consequences, including (but not limited to) rendering the governing terms of the contract voidable or otherwise making it unenforceable, loss of any or all of the value due to the investment under the relevant contract, and the levying of fines or other financial penalties against the investment vehicle. This may result in significant losses.
- The success of transactions depends in part on the skill and diligence of the lawyers and other advisers engaged in connection with the legal, tax or regulatory process to which the transactions relate. There can be no assurance that the outcome of a case will be in line with the assessment of the case by the acting lawyers or by the Firm. An investment is subject to the risk that the lawyers and/or law firms engaged in connection with the legal, tax or regulatory process may commit fraud or other bad acts that could have a material adverse impact on the investments and the likelihood of success or a claim and/or the ability to recover an investment in the event of a successful claim.
- Litigation can be subject to delay resulting in increases in the time until transactions generate returns. Transactions involving supranational or multi-jurisdictional litigation may be more complex, time-consuming and expensive to launch, navigate and conclude, when compared to ordinary litigation or arbitration claims in national or sub-national courts or tribunals.
- Investments may relate to proceedings or claims in which the parties have reached a settlement or other agreement regarding the disposition of the matter which must be approved by a court or other body prior to becoming effective. In the event that the settlement or disposition is not so approved or is modified or conditioned in a material way

as part of the approval process, this could result in substantial or total losses with respect to such investment.

### *Infrastructure Strategy*

Investments in infrastructure projects are subject to specific risks including, but not limited to:

- construction risks during the construction phase of the project, including delays, unexpected costs and cost overruns, defects, limitations on the liability of construction contractors and default or insolvency of construction contractors;
- subcontractor risks, including subcontractors failing to provide services sufficient to meet the project's standards for service and default or insolvency of subcontractors;
- financing risks, including interest rate risk, the availability of financing on terms to allow competitive bidding for projects and returns on projects or to refinance existing indebtedness on projects, which may be affected by factors including general economic conditions and financial and credit markets;
- limited diversity because investments are concentrated in a small number of projects, which may cause overall returns to be adversely affected by unfavorable performance of one project;
- public sector procurement policies and procedures, which affect factors including the availability of opportunities to invest in projects, competition for projects and early termination of projects; and
- long investment horizons, which may result in unfavorable returns due to factors including inflation and inaccurate assumptions in modeling for projects.

### *CLO Investment Strategies*

Tetragon Credit Partners has a limited prior operating history and it may be unable to successfully operate its business or achieve its investment objectives. The Firm has organized Tetragon Credit Partners in connection with Tetragon's efforts to deploy capital and resources focused on CLO investments, including majority stakes in CLO equity tranches. Tetragon, together with certain third-parties, is a significant investor in Tetragon Credit Partner's affiliated investment vehicles.

Tetragon Credit Partners, acting through one or more affiliated investment vehicles, intends to hold a controlling financial interest (or a majority equity interest) in certain of the sponsors (including LCM) and/or co-sponsors of CLOs, which entities also serve as manager and/or co-manager of such CLOs. If the structures and arrangements established by Tetragon Credit Partners were, in the future, determined to subject Tetragon Credit Partners, its affiliated investment vehicle, any other Tetragon affiliate or any third-party manager to unacceptable regulatory risk, Tetragon Credit Partners' ability to make investments would likely be severely and negatively limited and arrangements with third-party managers may be terminated as a result.

*TCICM is a business with a limited operating history and changes in laws or regulations may adversely affect TCICM's business and performance.*

TCICM acts as a CLO collateral manager and sponsor of CLO transactions as further described below. In connection with these CLOs, TCICM enters into sub-advisory arrangements with third-party CLO managers. In connection with such arrangements, TCICM has entered into a collateral management agreement with the relevant CLO issuer and a sub-advisory agreement or similar services agreement with a third-party CLO manager, whereby such third-party CLO manager provides sub-advisory services to the applicable CLO portfolio.

TCICM is expected to have limited assets, consisting primarily of the portion of collateral management and incentive fees and other amounts payable to it in respect of CLOs (which are not paid to other parties), CLO collateral management contracts, rights under any sub-advisory contracts and any capital contributed to it. It relies on services agreements with affiliated entities, and to access CLO capital from Tetragon Credit Partners' affiliated investment vehicles. There is no assurance that any particular investment or other professionals who are performing services under such services arrangements will remain available to TCICM.

*The activities of Tetragon Credit Partners create conflicts of interest.*

Certain inherent conflicts of interest arise from the fact that Tetragon Credit Partners currently provides investment management services to, and has voting control over, other investment funds and is expected to, in the future, carry on investment activities for other clients, including other investment funds, CLOs, client accounts and proprietary accounts in which Tetragon may have no interest and whose respective investment programs may or may not be substantially similar. Participation in specific investment opportunities may be appropriate at times for both Tetragon and such other investment programs. In particular, the investment program of such other investment funds allow investments in CLOs and other instruments in which Tetragon will invest, which may lead TFM to pursue investment opportunities other than in the way most advantageous to Tetragon or will result in such investment opportunities not being allocated to the company.

*Recovery Fund Portfolio Concentration*

Polygon Recovery Fund investors have exposure to the limited investment portfolio comprised of the Recovery Fund's positions, or portfolio securities and certain new investments made for purposes of managing or disposing of the portfolio securities. Although the portfolio securities are comprised of only a few remaining positions and poor performance by one or more of the portfolio securities could adversely affect the fund's total returns and profitability.

*Event-Driven Trading Strategies*

Event-driven trading strategies generally seek to earn absolute returns from the purchase and/or sale of financial instruments based on anticipated outcomes of certain events. These events may be "micro" events such as company specific or transaction specific situations. Alternatively, these events may be "macro" events such as changes in U.S. and non-U.S. government policies and economies with respect to particular business sectors or commodities, U.S. and non-U.S. political and economic events and changing trade prospects. In addition to the fundamental analysis

regarding these events, a range of statistical and technical analysis may also be implemented to help determine the particular fundamentals that are relevant for price valuation.

### *Special Investment Instruments and Techniques*

Clients may use a variety of special investment instruments and techniques to hedge against various risks (such as changes in interest rates or other factors that affect security values) or for non-hedging purposes. These strategies may be executed through derivative transactions and may involve options, including puts and calls, and options on stock indices, forward contracts, futures, swaps and other types of derivatives transactions and investments. The instruments used and the manner in which such instruments are used may change over time as new instruments and techniques are developed or regulatory changes occur. Derivatives and special investment instruments and techniques are speculative and involve a high degree of risk, particularly in the context of non-hedging transactions.

### *Risks relating to the Loan Strategy*

- CLO investments are in the form of highly subordinated securities, which are susceptible to losses of up to 100% of the initial investments, including losses resulting from changes in the financial rating ascribed to, or changes in the market value or fair value of, the underlying assets of an investment.
- CLO vehicles generally invest in fixed income securities rated lower than Baa by Moody's Investor Services (Moody's) or lower than BBB by Standard & Poor's Financial Services (S&P) (or, if not rated, of comparable quality) and may be regarded as predominately speculative with respect to the issuer's continuing ability to meet principal and interest payments.
- Defaults, their resulting losses and other losses on underlying assets (including bank loans) may have a negative impact on the fair value of Firm investments and cash flows received.
- CLO investments are and will be illiquid and have values that are susceptible to changes in the ratings and market values of such vehicles' underlying assets, which can make it difficult to sell certain holdings.
- The ability of securitization vehicles to sell assets and reinvest the proceeds may be restricted, which can reduce the yield from such investments.
- CLO investments and the related underlying assets are subject to prepayment rights, which could result in achieving a lower than expected rate of return on investment.
- The modeled cash flow predictions and assumptions used to calculate the internal rate of return and fair value of each CLO investment can prove to be inaccurate and require adjustment.

The performance of LCM may be negatively influenced by various factors, including the (i) performance of LCM-managed CLOs, which are currently the primary source of LCM's revenues

and (ii) ability of LCM to retain key professionals, the loss of whom may negatively affect LCM's ability to provide asset and collateral management services in a fashion, and of a quality, consistent with its prior practice.

The Firm's affiliates and professionals devote as much of their time to LCM's activities as such persons deem necessary and appropriate. Such persons are not restricted from forming additional investment funds, forming or sponsoring CLO or collateralized debt obligation (CDO) products and other securitization vehicles, serving as collateral or asset manager for CLO or CDO products and other securitization vehicles, entering into other investment management relationships or engaging in other business activities, even though such activities may be in competition with LCM and/or may involve substantial time and resources of the Firm and its affiliates.

### *Risks Relating to Various Securities and Instruments*

#### *Equity Securities*

The value of equity securities may fluctuate in response to specific situations for each company, industry, market conditions, and general economic environments. Clients may acquire long and short positions in listed and unlisted common equities, preferred equities and convertible securities of U.S. and non-U.S. issuers. Clients may invest in equity securities regardless of market capitalization, including micro and small cap companies. The securities for smaller companies may involve (i) more risk and (ii) their prices may be subject to more volatility.

#### *Fixed Income Securities*

In addition to convertible securities, Clients may also invest in bonds or other fixed income securities, including bonds, notes and debentures issued by corporations, government issued or guaranteed debt securities, commercial paper and "higher-yielding" (including non-investment grade) and, therefore, higher risk debt securities. Such Clients are therefore, as in the case of convertible securities, subject to credit, liquidity and interest rate risks. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. This risk will be greater for long-term securities than for short-term securities. The Firm may attempt to minimize the exposure of Client portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that this will be successful in fully mitigating the impact of interest rate changes.

#### *Investments in Undervalued and Overvalued Securities*

The Firm may invest in both undervalued and overvalued securities. The identification of investment opportunities in such securities is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in such securities offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from a Client's investments may not adequately compensate for the business and financial risks assumed. In addition, a Client may be required to hold such positions for a substantial period of time before realizing their anticipated value. During this period, a portion of a Client's capital would be

committed to the securities purchased or sold, thus possibly preventing the Client from investing in other opportunities. In addition, a Client may finance such purchases and sales with borrowed funds (and securities in the case of a short sale) and thus will pay interest on such funds (and fees for borrowed securities) during such waiting period.

### *Illiquid Securities*

Certain instruments, such as derivatives and other types of unregistered financial instruments, may have no readily available market or third-party pricing. Reduced liquidity may have an adverse impact on market price, and the Firm might only be able to liquidate these positions at highly disadvantageous prices, if at all. The market prices, if any, for such illiquid financial instruments tend to change rather quickly and the Firm may not be able to sell them when it desires to do so or to realize what it perceives to be their fair value in the event of a sale. Even those markets which the Firm expects to be liquid can experience periods, possibly extended periods, of illiquidity. For some investments, the Firm may be unable to predict with confidence what the exit strategy will ultimately be for any given core position, or that one will definitely be available. Exit strategies which appear to be viable when an investment is initiated may be precluded by the time the investment is ready to be realized due to economic, legal, political or other factors. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities eligible for trading on national securities exchanges or in the over-the-counter markets.

### *Initial Public Offerings*

Special risks associated with these securities may include a limited number of shares available for trading, unseasoned trading, lack of investor knowledge of the issuer, limited operating history and substantial price volatility. The limited number of shares available for trading in some initial public offerings may make it more difficult for a client to buy or sell significant amounts of shares without an unfavorable impact on prevailing market prices. In addition, some companies that are the subject of 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.

### *General Economic and Market Conditions*

The success of a Client's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws and national and international political circumstances. These factors may affect the level and volatility of securities prices and liquidity of investments. Unexpected volatility or illiquidity could impair client investments and result in losses.

The prices of commodities contracts and all derivative instruments, including futures and options, can be highly volatile. Price movements of forward, futures and other derivative contracts in which a client's assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies.

In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies, financial instruments, futures and options.

Investments in securities and other financial instruments and products, such as those above, that are subject to market forces risk the permanent loss of capital as a result of adverse market developments, which can be unpredictable. To the extent that a portfolio is concentrated in any one particular strategy, the risk of any incorrect investment decision is increased. Each strategy exposes the Client's capital to the risk of any extremely rapid and severe decline in value in the event of a sudden change in the level of volatility (i.e., a market crash) that is not anticipated by the Firm.

### *Global Market Volatility*

Global capital markets in the recent past have experienced extreme volatility and disruption in recent years as evidenced by the failure of major financial institutions, significant write-offs suffered by the financial services sector, the re-pricing of credit risk, the unavailability of credit or the downgrading and the possibility of default by sovereign issuers, forced exit or voluntary withdrawal of countries from a common currency and/or devaluation. Despite actions of government authorities, these events have contributed to a worsening of general economic conditions in many areas, high levels of unemployment in certain Western economies and the introduction of austerity measures by certain governments.

Worsening of financial market and economic conditions may have a negative effect on valuations of, and the ability of the client funds to exit or partially divest from, investment positions. Adverse economic conditions may also decrease the value of collateral securing some of their positions, and require the client funds to contribute additional collateral.

Depending on market conditions, the Clients may incur substantial realized losses and may suffer unrealized losses in future periods, all of which may materially adversely affect their results of operations and the value of any investment in the Clients

### *Portfolio Valuation*

Valuations of the Clients' portfolios may involve uncertainties and judgmental determinations. Third-party pricing information may at times not be available regarding certain of the Clients' securities, derivatives and other assets. A disruption in the secondary markets for Client investments may limit the ability to obtain accurate market quotations for purposes of valuing client investments and calculating the net asset value of a Client's investments. Further, because of the overall size and concentrations in particular markets and maturities of positions that may be held by Clients from time to time, the liquidation values of a client's securities and other investments may differ significantly from the interim valuations of these investments derived from the valuation methods set out in the relevant client's offering documents or governing agreements. If the valuation of Clients' securities should prove to be incorrect, the net asset value of the Clients' investments could be adversely affected.

### *Short Selling*

In a short sale transaction, a Client sells a security it does not own in anticipation that the market price of that security will decline. The Firm makes short sales as a form of hedging to offset potential declines in long positions in similar securities; in order to maintain flexibility; and for profit. Certain Clients may engage in short selling which can, in some circumstances, substantially increase the impact of adverse price movements. 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 of buying securities to cover the short position. In addition, a number of countries and regulators have adopted reporting regimes, bans on naked short selling and, in some cases, bans on short selling (typically only for banks or other financial services companies). It may not be possible for the Clients to be able to sell short securities for either hedging or speculative purposes in some jurisdictions.

### *OTC Trading*

Certain Clients engage in forward contracts, options, futures, swaps, and other derivatives in order to increase or decrease its risk exposure to, among other things, currency exchange rates, interest rates, credit spreads, and corporate credit events. The values of these derivatives will be dependent on, and may be affected by, a variety of factors, including the underlying financial instrument of each such derivative, changes to currency exchange rates, the level of interest rates, including shifts across rates of different maturities, the implied volatilities of the underlying instruments, the perceived credit worthiness or ratings of corporate entities, and length of time until potential exercise or termination of the derivative. These instruments may not be traded on exchanges and may not be standardized; rather, banks and dealers act as principals in the markets for these instruments, negotiating each transaction on an individual basis. OTC trading has inherent risks of illiquid markets, wide bid/ask spreads and market disruption. These transactions are substantially unregulated, there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in these markets are not required to continue to make markets and these markets can experience periods of significant illiquidity, sometimes of long duration. There have been periods during which certain participants in these markets have refused to quote prices for certain contracts or have quoted prices with unusually wide spreads between the prices at which they were prepared to buy and those at which they were prepared to sell. Disruptions can also occur in any market in which the Clients trade due to unusually high trading volume, political intervention or other factors.

### *Counterparty Credit Risk*

Many of the markets in which Clients effect their transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. To the extent a Client invests in swaps, derivative or synthetic instruments, or other over-the-counter transactions, on these markets, the Client may take a credit risk with regard to parties with whom it trades and may also bear the risk of settlement default. Transactions entered into directly between two counterparties generally do not benefit from protections afforded with respect to exchange transactions. This exposes Clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the



contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Client to suffer a loss.

Clients will typically establish relationships to obtain financing, derivative intermediation and prime brokerage services; however, there can be no assurance that a client will be able to maintain or establish such relationships. An inability to establish or maintain such relationships would limit a client's trading activities, financing, derivative intermediation and prime brokerage services and prevent a client from trading at optimal rates and terms; any or all of which could cause substantial losses that a client would bear. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships could have a significant impact on the client's business.

#### *Leverage; Margin; Interest Rates*

Clients may directly or indirectly borrow funds from brokerage firms and banks and may also incur "leverage" through the use of certain derivatives or special investment techniques. Any event that adversely affects the value of an investment, either directly or indirectly, could be magnified to the extent that leverage is employed. To the extent a Client is subject to a "margin call" and must either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value, it may not be possible to liquidate assets quickly enough to pay off the margin debt, which could cause substantial losses. Clients do not generally have restrictions on the amount of leverage that can be incurred and, therefore, the risks of highly leveraged investments can magnify the risks associated with investing in such clients. Portfolios are subject to interest rate risk. Generally, the value of fixed income securities will change inversely with changes in interest rates. As interest rates rise, the market value of fixed income securities tends to decrease. Conversely, as interest rates fall, the market value of fixed income securities tends to increase. The risk will be far greater for long-term securities than for short-term securities. The Firm may attempt to minimize the exposure of the portfolios to interest rate changes through the use of interest rate swaps, interest rate futures and/or interest rate options. However, there can be no guarantee that the Firm will be successful in fully mitigating the impact of interest rate changes on the portfolios.

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

Item 9 is not applicable to the Firm.

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

The Firm currently has certain relationships or arrangements with related persons that are material to our advisory business or our clients. Such related persons include the following investment advisers:

- Tetragon Financial Management LP
- TFG Asset Management UK LLP (formerly known as Polygon Global Partners LLP)
- TFG Asset Management US LP (formerly known as Polygon Global Partners LP)

- Acasta Partners L.P. (formerly known as Polygon CB L.P.)
- Banyan Square Partners L.P.
- Contingency Capital LLC
- Equitix Holdings Limited
- Hawke's Point Manager L.P.
- LCM Asset Management LLC
- LCM EURO LLC
- LCM EURO II LLC
- Polygon Equities L.P.
- Polygon Global Equities L.P.
- Polygon Recovery Manager LP
- TCI Capital Management LLC
- TCI Capital Management II LLC
- Tetragon Credit Income Partners II Ltd.
- Tetragon Credit Income Partners III Ltd.
- Tetragon Credit Income Partners IV Ltd.

All of the above investment advisers, other than TFM and Equitix, rely on the Firm's registration as an investment adviser under the Advisers Act. Where required or appropriate, professionals of the above listed non-SEC registered advisers are considered "access persons" of the Firm and are subject to the Firm's compliance policies and procedures as well as supervision and periodic monitoring pursuant to the Advisers Act. For further information, please see Item 11—Code of Ethics. TFM, the investment manager of Tetragon, is separately registered as an investment adviser under the Advisers Act (see SEC File number 801-74151; CRD number 156041). Tetragon's economic and business interests and objectives may differ significantly from those of TFG Asset Management's clients. As such, the interests of Tetragon's shareholders may not be aligned with the interests of TFG Asset Management's clients or their investors. See also Item 11 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by the Firm.

The Firm and certain of its affiliated managers are part of the Tetragon group, a broad-based, international financial services and asset management firm and, as such, Tetragon and its affiliates and their respective partners, directors, officers, employees and agents may and, in many instances,

in fact do have multiple advisory, transactional and financial and other interests in securities or other instruments that may be purchased, sold or held for applicable Clients. Tetragon and its affiliates does or may act as advisor to clients in commercial banking, investment banking, financial advisory, asset management and other capacities, including as principal, related to securities or other instruments that may be purchased, sold or held on behalf of applicable clients, funds or accounts. The Firm, Tetragon and its affiliates in the future are likely to acquire or create additional asset managers that will engage in similar activities to those of the Firm and its affiliated managers. Tetragon and its affiliates invest and may continue to invest in a wide array of assets and asset classes across multiple geographic areas. In providing investment management services to the Clients, the Firm may draw upon the portfolio management, trading, research, operational and administrative resources of such affiliates and related persons.

#### *Related General Partners*

Various limited partnerships or entities serve as general partners of certain Clients and are related persons of the Firm. For a description of material conflicts of interest created by the relationship among the Firm and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

#### *TFG Asset Management Shared Services Agreement*

Pursuant to a services agreement, TFG Asset Management US LP and TFG Asset Management UK LLP or collectively, the Service Providers, provide certain services to TFM. The Service Providers provide operational, financial control, trading, marketing and investor relations, legal, compliance, administrative, payroll and employee benefits and other services to TFM in exchange for fees payable by TFM to the Services Providers. One of those entities, TFG Asset Management UK LLP, also provides services relating to the dealing in and management of investments, arrangement of deals and advising on investments to TFM.

TFM, the Service Providers and LCM provide investment management, operational, financial control, trade execution and trading, marketing and investor relations, legal, compliance, administrative, payroll and employee benefits and other services to Tetragon Credit Partners. TFM does not charge Tetragon Credit Partners any fees for any services provided (other than those existing fee arrangements it earns in its capacity as investment manager of Tetragon).

The Service Providers and LCM provide similar services to TCICM under certain services agreements.

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

#### *Code of Ethics*

The Firm has adopted a written Code of Ethics (the Code) that is applicable to all employees of The Firm and any other persons who are subject to its supervision and control, or collectively, Firm Personnel. The Code, which is designed to comply with Rule 204A-1 under the Advisers Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Under certain limited circumstances, subject to

the terms of the Code, Firm Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for the Clients. Under the Code, Firm Personnel are also required to file certain periodic reports with the Firm's Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The Code helps the Firm detect and prevent potential conflicts of interest.

Firm Personnel who violate the Code may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Firm Personnel are also required to promptly report any violation of the Code of which they become aware. Firm Personnel are required to annually certify compliance with the Code.

A copy of the Code will be provided to clients and their existing or prospective investors upon request. To request a copy, please email the Firm's Legal, Regulatory and Compliance team at [legal@tetragoninv.com](mailto:legal@tetragoninv.com).

### *Participation or Interest in Client Transactions*

The Firm and certain employees and affiliates of the Firm may invest in the Clients, either through the general partners, as direct investors in the Clients or otherwise. A Client or its general partner, as applicable, may reduce all or a portion of the Management Fee and Performance-Based Fees related to investments held by such persons. The Firm's Clients can participate in transactions in which the Firm or its affiliates and their respective professionals are directly or indirectly interested. In connection with such transactions, the Clients, on the one hand, and the Firm or its affiliates and their respective officers, professionals, on the other hand, can have conflicting interests. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "*Conflicts of Interest*" immediately below.

Due in part to the fact that potential investors in a Fund (including purchasers of a limited partner's interests in a secondary transaction) or a co-investment opportunity may ask different questions and request different information, the Firm in certain circumstances provides certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

### *Conflicts of Interest*

The Firm and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing transaction-related, investment advisory, management and other services to funds and operating companies. In the ordinary course of conducting its activities, the interests of a Client will, from time to time, conflict with the interests of the Firm, Other Funds (as defined below) or their respective affiliates. Certain of these conflicts of interest, as well as a description of how the Firm addresses such conflicts of interest, can be found below.

The material conflicts of interest encountered by a Client include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Client. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

### *Resolution of Conflicts*

In the case of all conflicts of interest, the Firm's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Firm's best judgment, but in its sole discretion. In resolving conflicts, the Firm considers various factors, including the interests of the applicable Clients with respect to the immediate issue and/or with respect to their longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- (1) The Firm will consider the appropriateness of an investment from the viewpoint of a Client;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the Clients' Governing Documents;
- (3) On any issue involving actual conflicts of interest, the Firm will be guided by its good faith discretion;
- (4) Where the Firm deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price;
- (5) The Firm has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest;
- (6) Prior to subscribing for interests in a client, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Client; and
- (7) The Firm and certain of its affiliates have adopted written policies establishing information "walls" designed to limit communication between certain business units investing in equity securities and debt securities of companies. These policies restrict the transfer of confidential information between these business units, subject to certain exceptions provided in the policies. These policies also establish procedures for communications among employees of different business units to guard against unlawful and inappropriate disclosure of material, nonpublic information.

While the Firm endeavors to resolve all conflicts in a fair and impartial manner, there can be no assurance that its own interests will not influence its conduct and decisions. There can be no assurance that the Firm will identify or resolve all conflicts in a manner that is favorable to the Clients and the Clients' investors may not be entitled to receive notice or disclosure of the actual occurrence of conflicts or have any right to consent to them as they arise.

### *Allocation of Investment Opportunities among Clients*

In connection with its investment activities, the Firm may encounter situations in which it must determine how to allocate investment opportunities (including follow-on investments) among various clients and other persons, which may include, but are not limited to, the following:

- The Clients;
- Funds and accounts (including CLOs) that are managed by related advisers of the Firm, including those of TFM and its affiliates, as well as proprietary accounts of the Firm and its affiliates (collectively, the Other Funds);
- Any co-investors or co-investment vehicles that have been formed to invest side-by-side with one or more Clients in all or particular transactions entered into by such Client(s) (the co-investors or investors in such co-investment vehicles which may include employees, business associates and other “friends and family” of the Firm, its affiliates or their personnel (including any related entity established by any of the foregoing, such as trusts, charitable programs, endowments or related programs, family investment vehicles and other estate planning vehicles) (collectively, Firm Investors) and/or individuals and entities that are not investors in any Clients (Third Parties));
- Firm Investors and/or Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Clients in particular transactions entered into by such Client(s); and
- Firm Investors and/or Third Parties acting as “co-sponsors” with the Firm with respect to a particular transaction.

The Firm makes allocation determinations consistent with the Clients’ Governing Documents and the organizational or offering documents of any applicable Other Funds, advisory agreements and/or side letter agreements negotiated with investors in the applicable Other Fund (such documents collectively, an Other Fund’s Organizational Documents) and in accordance with its written policies and procedures.

The Clients and Other Funds are generally subject to investment allocation requirements (collectively, Investment Allocation Requirements). Investment Allocation Requirements are generally set forth in the Clients’ Governing Documents or Other Fund’s Organizational Documents. To the extent the Investment Allocation Requirements of the Clients or Other Funds do not include specific allocation procedures and/or allow the Firm discretion in making allocation decisions among the Clients and Other Funds, the Firm will follow the process set forth below.

The Firm must first determine if the Clients and/or Other Funds and/or other parties are eligible to participate in an investment opportunity. The Firm assesses whether an investment opportunity is appropriate for the Clients or a particular Other Fund(s), based on the Clients’ or Other Funds’ investment objectives, strategies and structure, which are typically reflected in the Clients’ Governing Documents or such Other Fund’s Organizational Documents. Prior to making any allocation to the Clients or Other Fund of an investment opportunity, the Firm determines what

additional factors may restrict or limit the offering of an investment opportunity to the Clients or Other Fund. Possible restrictions include, but are not limited to:

- **Obligation to Offer:** The Firm may be required to offer an investment opportunity to the Clients or to one or more Other Funds.
- **Related Investments:** The Firm may offer an investment opportunity related to an investment previously made by the Clients or Other Fund(s) to the Clients or such Other Fund(s) to the exclusion of, or resulting in a limited offering to, the Clients or Other Funds.
- **Legal and Regulatory Exclusions:** The Firm may determine that Clients or certain Other Funds or investors in such Clients or Other Funds should be excluded from an allocation due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Once the Firm identifies that the Client(s) and/or Other Fund(s) that are eligible to participate in a particular investment, the Firm, in its discretion, decides how to allocate such investment opportunity among the identified Client(s) and/or Other Fund(s). In allocating such investment opportunity, the Firm may consider some or all of a wide range of factors, which include, but are not necessarily limited to, one or more of the following:

- the potential for the proposed investment to create an imbalance in a Client's or an Other Fund's portfolio;
- cash balances, liquidity requirements of Clients or Other Funds or anticipated cash flows (including as a result of subscriptions and redemptions or withdrawals, as applicable);
- any need to re-size risk in a Client's or an Other Fund's portfolios;
- investment strategy or objective;
- the respective investment programs;
- account size and gross portfolio size;
- available capital;
- relative exposure to short-term and long-term market trends;
- existing portfolio positions;
- existing portfolio liquidity;
- other factors known to the relevant portfolio manager that may affect a Client's or Other Fund's trading ability;
- current or prospective tax burdens or other tax considerations;

- regulatory or accounting rules or treatment;
- other regulatory restrictions that would or could limit a Client's or Other Fund's ability to participate in the proposed investment opportunity;
- hedging needs;
- risk tolerance and risk capacity;
- general current financial market liquidity;
- regulatory and tax status;
- concentration of investments;
- applicable investment restrictions;
- available transaction terms;
- available financing;
- execution costs;
- anticipated capital outflows or inflows due to upcoming quarter end or month end redemptions or commitments;
- requested order size;
- real time net asset value and/or commitment amounts;
- percentage of assets under management (AUM) that the particular investment represents and percentage of AUM that the particular investment represents as compared to another Client or Other Fund, using the most current AUM information as may be practicably obtained;
- minimum allocation criteria;
- round lots;
- requested allocation or trade amount, or other relevant investment criteria or investment limitations as determined by the applicable portfolio manager or any of the Firm's senior management committees; or
- any other investment factors the Firm believes in its sole discretion to be relevant.

The application of the Investment Allocation Requirements and factors set forth above will often result in allocation on a non-pro rata basis and there can be no assurance that a Client will participate in all investment opportunities that fall within its investment objectives. The Firm



makes allocation determinations based solely on the Firm's expectations at the time such investments are made, however investments and their characteristics may change and there can be no assurance that an investment may prove to have been more suitable for another Client in hindsight.

Allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process. For example, in allocating an investment opportunity among Clients or Other Funds with differing fee, expense and compensation structures, the Firm has an incentive to allocate investment opportunities to the Clients or Other Funds from which the Firm or its related persons derive, directly or indirectly, higher fees, compensation or other benefits. Notwithstanding the foregoing, the Firm will not allocate investment opportunities among the Clients or Other Funds based, in whole or in part, on (i) the relative fee structure or amount of fees paid by the Clients or Other Fund or (ii) the profitability of the Clients or Other Fund. While the Firm determines how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that the Firm's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Firm is subject, discussed herein, did not exist.

If a single portfolio manager acts on behalf of both a Client and another Client and/or Other Fund, a conflict of interest may arise with respect to allocations because such portfolio manager may have an incentive to favor one Client or Other Fund at the expense of the other Client. The Firm seeks to mitigate conflicts of interest by requiring that the Firm's Allocation Committee approve allocations of limited investment opportunities across the Clients and Other Funds.

In addition, Firm Personnel invest indirectly in and may be permitted to invest directly in Clients and may therefore participate indirectly in investments made by the Clients in which they invest. Such interests will vary Client by Client and may create an incentive to allocate particularly attractive investment opportunities to the Client in which such personnel hold a greater interest. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Client.

The Firm and/or a Client may invest in the securities offerings of a portfolio investment held by another Client or (including through initial public offerings), which would result in the Firm and/or a Client receiving an allocation of portfolio investment securities. In addition to conflicts of interest arising from the allocation of such securities, this arrangement also leads to similar conflicts described below under "*Conflicts Related to Purchases and Sales.*"

A conflict also arises in allocating an investment opportunity if the potential investment target could be acquired by either a Client or a portfolio investment of another Client or Other Fund. In making such an allocation determination, the Firm will consider some one or more of the factors set forth above and will make a determination in its good faith discretion.

In addition, the Firm and its personnel may establish and/or manage one or more warehousing or similar arrangements for the accumulation of assets on behalf of or in connection with such other collateralized loan obligation vehicles, collateralized bond obligation vehicles or other structured vehicles or clients. The Firm generally will allocate investment opportunities between such

vehicles and clients pursuant to an allocation methodology that aims to fairly distribute opportunities among such vehicles and clients over time, taking into consideration many factors, including but not limited to the vehicle or client's respective investment objectives, applicable restrictions, the type or nature of the investment, the quantity of assets to be purchased or sold, the size of the account, the fund's life cycle or investment stage (particularly for CLO vehicles at the accumulation stage, to which the Firm typically allocates more of a particular investment opportunity), the amount of available cash or the size of an existing position in an account and other relevant factors as determined by the Firm. Therefore, there is no guarantee or assurance that each vehicle or client will participate equally or at all in a particular investment allocation.

### *Conflicts Related to Purchases and Sales*

Clients from time to time invest in conjunction with an investment being made by other Clients and/or Other Funds, or in a transaction where another Client and/or Other Fund has already made an investment. Conflicts may arise in connection with such investments.

Investment opportunities are from time to time appropriate for more than one Client and/or Other Fund at the same, different or overlapping levels of an issuer's capital structure. Conflicts arise in determining the terms of investments, particularly where these clients may invest in different types of securities of a single issuer. Questions arise as to whether payment obligations and covenants should be enforced, modified or waived, whether payments should be accelerated, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, the terms of any work-out or restructuring or other concessions that may be given in such a situation raise conflicts of interest, and the Firm may be incentivized to choose a course of action that benefits one Client and/or Other Fund to the detriment of another Client and/or Other Fund.

In the event that one Client or Other Fund has a controlling or significantly influential position in an issuer, it will have the ability to elect some or all of the board of directors of such issuer, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Client is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such an issuer. Such management and operational decisions may, at times, be in direct conflict with other Clients and/or Other Funds that have invested in the same issuer that do not have the same level of control or influence over the issuer.

Certain Clients of the Firm and its affiliates may invest in bank debt loans, securities and other investments of issuers in which other clients hold securities, loans, including equity securities. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to a portfolio investment. In the event that such investments are made by a Client and Other Fund, the interests of such Client will at times conflict with the interest of such other Client and/or Other Fund, particularly in circumstances where the underlying issuer is facing financial distress. In such instances, it may be in the best interest of the Clients or Other Fund holding debt securities to declare a default, accelerate a loan or take other protective actions, while such actions would harm another Clients' or Other Fund's equity investment in the

issuer. The involvement of such Clients and Other Funds at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Clients and/or Other Funds may be prohibited from exercising voting or other rights and may be subject to claims by other creditors with respect to the subordination of their interest.

If additional capital is necessary as a result of financial or other difficulties of a portfolio investment, or to finance growth or other opportunities, the Clients and/or Other Fund may or may not provide such additional capital, and, if provided, each Client and/or Other Fund will supply such additional capital in such amounts, if any, as determined by the Firm and/or its affiliates. In the event one Client or Other Fund is unable to fund its share of additional capital (e.g., in the event such Client does not have sufficient available funds), the other Clients may be obligated to fund more than its share of such amount. In such event, one Client or Other Fund will gain greater exposure to such investment than may have been intended and the Clients or Other Fund will be diluted in such investment. The returns of each Client may be negatively impacted as a result of the foregoing. Investments by more than one Client and/or Other Fund in a portfolio investment also raise the risk of using assets of a Client to support positions taken by other Clients and/or Other Funds, or that a Client may remain passive in a situation in which it is entitled to vote.

There may be differences in timing of entry into, or exit from, a portfolio investment for reasons such as differences in strategy, existing portfolio or liquidity needs. In addition, where more than one Client and/or Other Fund invests in the same portfolio investment, there can be no assurance that such parties will dispose of investments at the same time or on the same terms. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, each Client and/or Other Fund may realize different returns as compared to the same investment held by another Client and/or Other Fund. These variations in timing may be detrimental to a Client. At the same time, if the Firm determines it is advisable for a Client to exit an investment at the same time as another Client and/or Other Fund, which may be a closed-end fund and the term of which may expire sooner than the former Client's, such Client may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such investments. In addition, investors may receive different consideration (for instance, investors in one Client may receive cash whereas investors in another Client and/or Other Fund may be provided the opportunity to receive distributions in-kind) which may impact the realized return ultimately received by each Client.

Finally, in certain circumstances, if more than one Client and/or Other Fund is participating in an investment, one Client and/or Other Fund may bear more than its pro rata share of expenses relating to such investment if the other Client and/or Other Fund does not have the resources to bear such expenses (including, for instance, as a result of insufficient reserves and/or the inability to call capital to cover such expenses).

In such circumstances described above, the Firm could take steps to reduce the potential conflicts of interest between the various Clients and/or Other Funds, including causing a Client to take certain actions that, in the absence of such conflict, it would not take. Any such steps could have the effect of benefiting one Client and/or an Other Fund at the expense of another Client.

The application of a Client's Governing Documents and the Firm's policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by

two or more Clients and/or Other Funds in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

### *Principal Transactions*

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a principal transaction), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In connection with the Firm's management of the Clients, the Firm and its affiliates from time to time engage in principal transactions. The Firm has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the Clients regarding any proposed principal transactions and that any required prior consent to the transaction be received.

### *Cross Transactions*

Subject to certain terms and conditions and to the extent permitted by law and as deemed advisable by the Firm, the Firm may affect rebalancing or internal cross transactions among the Clients and/or Other Funds. Cross trades involve the transfer, purchase or sale of assets from one client to another client without the use of a broker-dealer. Subject to the Governing Documents, the Firm can engage in cross trades where permissible if it determines that such action would be favorable to both clients and that such transaction is in compliance with the policies and procedures it has adopted to mitigate such conflicts. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Client may not receive the best price otherwise possible, or the Firm might have an incentive to improve the performance of one Client or Other Fund by selling underperforming assets to another Client and/or Other Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Firm, its affiliates and/or their professionals (i) will, from time to time, have significant investments, or intentions to invest, in the Client or Other Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Firm and its affiliates generally receive management or other fees in connection with their management of the Clients and the relevant Other Funds involved in such a transaction, and generally are entitled to share in the investment profits of the relevant Clients and/or Other Funds.

In addition, the Governing Documents of the Clients imposes restrictions or requirements relating to the Firm's ability to conduct such transactions. For example, the Clients can acquire investments from unrelated sellers and may re-offer a portion of such investments to affiliated investment vehicles. Although these transactions with related parties are expected to expand the universe of opportunities that are available to the Clients, the Clients will not necessarily derive a benefit from each such transaction, and the parties to a particular transaction may have divergent interests. Moreover, there may be uncertainties regarding the valuation of investments that are

subject to these transactions. For example, from time to time, the Firm can undertake a transaction between a Client and/or Other Fund in efforts to realign the weightings of two or more client portfolios to be more consistent with their respective investment objectives.

Depending on the transaction structure, these transactions may disproportionately benefit the purchasing, selling, or merging Client and/or Other Fund (or the Firm as a result of its interests in a Client and/or a particular Other Fund), and one Client may incur expenses or forego gains that would have been obtained had it not entered into such transaction. For example, the Firm may be incentivized to support a less successful portfolio investment of an older Client and/or Other Fund by causing a newer Client and/or Other Fund with a longer remaining term and investment period to purchase a part or all of such portfolio investment in order to provide the Firm additional time to potentially manage it to a successful exit and increase the likelihood of the Firm or an affiliate receiving Performance-Based Fees. Conversely, the Firm may be incentivized to sell an attractive investment in an older Client and/or Other Fund to a newer Client and/or Other Fund to increase the amount of fees received by the Firm or an affiliate with respect to such an investment. Determining the valuation or other terms of such transactions may also create a conflict of interest due to the Firm's consideration of the particular terms (including the fee terms) of the Clients and/or Other Funds and the Firm's interest in such Clients and/or Other Funds. Such acquisition or merger may result in the acquiring entity purchasing a Client's portfolio investment at a valuation that is: (a) not the highest price than could have been obtained in the market had there been a robust sales process with multiple third party bidders or (b) higher than the value of the company resulting in an overvaluation.

Under certain circumstances, the Firm may wish to reduce the investment of one or more Clients or Other Funds in an investment and increase the investment of other Client(s) or Other Funds() in such investment, and may, therefore, effect such transactions by directing the transfer of such investment between such Clients and/or Others Funds or through any other transaction structure. Any costs and expenses associated with any such transaction will be borne by such Clients and/or Others Funds in accordance with such Clients' Governing Documents and such Other Funds' Organizational Documents and to the extent not addressed in the applicable Clients' Governing Documents or Other Funds applicable Organizational Documents, on an allocation that the Firm deems in good faith to be fair and reasonable.

To address these conflicts of interest, in connection with effecting such transactions, the Firm will follow the Investment Allocation Requirements of the relevant Clients and/or Other Funds (e.g., the Governing Documents of the Clients and/or the Organizational Documents of Other Funds may provide for the rebalancing of investments at certain times and at a cost set forth in the Governing Documents or Organizational Documents. In accordance with the Firm's internal policies and procedures, any cross trade is also approved by senior members of the Firm's Legal and Compliance Department and any other senior investment professionals deemed necessary to assess the potential cross transaction and executed cross trades will be reviewed by the Trade Management Supervisory and Compliance Committee (TMSCC). See below for more detailed information regarding the TMSCC.

#### *Management of the Clients and Other Funds*

The Firm and its affiliates manage a number of Clients and Other Funds that have investment objectives similar to each other. The Firm expects that it, its affiliates or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different (and potentially conflicting) from, those of the current Clients. The Firm and its affiliates may give advice or take actions with respect to the investments of one or more Clients and/or Other Funds that may not be given or taken with respect to other Clients and/or Other Funds with similar investment programs, objectives or strategies. As a result, the Clients and/or Other Funds with similar strategies will not hold the same securities or achieve the same performance. In addition, a Client generally may not be able to invest through the same investment vehicles, or have access to similar credit or utilize similar investment strategies as another Client and/or Other Fund. These differences will result in variations with respect to price, leverage and associated costs of a particular investment opportunity.

In addition, certain separately managed accounts may be invested in parallel with a Client, employing the same or similar strategies and taking positions in the same securities. However, such accounts may provide for liquidity and other terms which are different than those of the Client. For example, a separately managed account holder may have the right to withdraw its investment periodically or promptly upon the occurrence of certain specified events, in which case the Firm or its affiliate would be obliged to liquidate the positions in the account or to relinquish management of such account to a different manager that may pursue a different investment strategy. Such actions could negatively impact the value of the same or related positions held by a Client, as well as such Client's overall liquidity. Separately managed account holders may also have different transparency and information rights than those afforded to investors in a particular Client. Client investors should be aware that, as a result of these and other factors, the operation of such managed accounts could affect the value of a Client's investments.

In addition, it is expected that Firm Personnel responsible for managing a particular Client will have responsibilities with respect to other Clients and/or Other Funds managed by the Firm and its affiliates, including funds raised in the future or to proprietary investments made by the Firm and/or its principals of the type made by the Clients. Conflicts of interest arise in allocating time, services or functions of these Firm Personnel.

The Firm may consider, and reject an investment opportunity on behalf of one Client and, the Firm or an affiliate of the Firm may subsequently determine to have another Client and/or Other Fund make an investment in the same company. A conflict of interest arises because one Client and/or Other Fund will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by the Firm on behalf of the original Client considering the investment. In such circumstances, the benefitting Client(s) and/or Other Fund(s) will not be required to reimburse the original Client for expenses incurred in connection with researching such investment.

In addition, the Firm and its affiliates receives and generates various kinds of portfolio investment data and other information, including related to or created in connection with financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors, ESG and other metrics, financial information, commercial and transactional information, user data, cost data and related data or information, some of which is sometimes referred to as "big data." This information may, in certain instances, include confidential and/or sensitive information received or generated

in connection with efforts on behalf of one Client's investment (or prospective investment) in a portfolio investment. As a result, the Firm is better able to anticipate macroeconomic and other trends and financial opportunities, enhance and improve operations of portfolio investments and otherwise develop investment strategies or identify specific investment or business opportunities. the Firm also intends to utilize such data for purposes of identifying new investments opportunities for the Clients. Information from a portfolio investment owned by a Client may enable the Firm to better understand a particular industry and develop and execute investment strategies in reliance on that understanding for the Firm and the other Clients and/or Other Funds that do not own an interest in such portfolio investment, without compensation or benefit to such Client or its portfolio investments. Further, data is expected to be aggregated across the Clients and Other Funds and their respective portfolio investments and, in connection therewith, the Firm is expected to serve as the repository for such data, including with ownership, use and distribution rights therein. The Firm may also share data from a investment of one Client with a portfolio entity of another Client and/or Other Fund, which may increase a competitive disadvantage for, and indirectly harm, such portfolio investment. Portfolio investments may incur incremental expenses in collecting and organizing information requested or required to be furnished to the Firm (which expenses are indirectly borne by the Clients). The Firm has in the past entered into and is likely in the future to enter into information sharing and confidentiality arrangements with investments and other sources of information that may limit the internal distribution and use of such data. The Firm has already used and is likely in the future in certain instances to use this information in a manner that may provide a material benefit to the Firm, its affiliates, or to certain other Clients and/or Other Funds without compensating or otherwise benefitting the Client or Clients from where such information was obtained. In addition, the Firm may have an incentive to pursue investments in portfolio investments based on the data and information expected to be received or generated. Furthermore, except for (a) contractual obligations to third parties to maintain confidentiality of certain information or otherwise limit the scope and purpose of its use of distribution, (b) policies, practices and procedures designed to ensure confidentiality of trade secrets and (c) compliance with applicable data privacy laws, laws prohibiting insider trading, anti-competition laws and laws protecting national security interests, the Firm is generally free to use data and information from a Client's activities in its sole discretion for the benefit of the Firm and other Clients and/or Other Funds. The sharing and use of "big data" and other information present potential conflicts of interest. The Firm has in the past utilized and is likely in the future to utilize such information to benefit the Firm, its affiliates and/or certain Clients and/or Other Funds.

#### *Proprietary Accounts and Seed Investments*

The Firm or its affiliates establish, through various investment vehicles, investment accounts that are funded with the proprietary assets of the Firm or its affiliates (Proprietary Entities) and through which the Firm invests primarily for the Firm's own investment purposes and subject to specific criteria relating to, among other things, capacity which may include, investments for the purpose of developing, evaluating and testing potential investment strategies or products, or together with the Proprietary Entities, Seed Investments.

The Firm may manage Seed Investments pursuant to investment strategies that mirror, or are similar to in whole or in part, investment strategies of the Clients. In addition, the Firm may also manage Seed Investments according to investment strategies that are inconsistent with, or deviate in material aspects from, the investment strategies of the Clients.

Seed Investments may invest in similar or the same types of securities, properties or other assets in which Clients may invest or otherwise do or may in the future, or may have investment objectives, programs, strategies and positions that are similar to, or may conflict with, those of the Clients. Seed Investments may compete with, and have interests adverse to, the Clients. The existence of Seed Investments investing in the same or similar investments that may be made by the Clients could, among other adverse consequences, affect the prices of the investments, securities, properties, or other assets in which the Clients invest and may affect the availability of such assets. In such circumstances, the Firm's interest in maximizing the investment return of the Seed Investments creates an incentive for the Firm to allocate more attractive investments to the Seed Investments, and allocate less attractive investments to the Clients. Similarly, the Firm may have an interest in allocating scarce investment opportunities to the Seed Investments rather than the Clients. The Firm seeks to address these conflicts through the investment allocation process described above.

#### *Follow-on Investments*

Investments to finance follow-on acquisitions may present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Client and/or Other Fund in a portfolio investment in which another Client and/or Other Fund has previously invested.

Furthermore, a conflict of interest also arises because a Client and/or Other Fund that participates in a follow-on investment in a portfolio investment held by another Client will benefit from the initial evaluation, investigation and due diligence undertaken by the Firm on behalf of the original Client and from operational or other information about such portfolio investment acquired from the original Client's ownership of interests in the portfolio investment. In such circumstances, such benefitting Client and/or Other Fund will not be required to reimburse the original Client for expenses incurred in connection with researching such investment. An investment by a Client in a portfolio investment in which another Client and/or Other Fund invests at a later stage may be made at a higher or lower valuation than the investment in such portfolio investment by such other Client and an investment by one or more other Clients and/or Other Funds in any such portfolio investment may dilute the original Client's interest in such portfolio investment and vice versa.

#### *Conflicts Related to the Firm*

The Firm may compete against or engage in business with other investment advisers with which the Firm or its affiliates or a member of their personnel has a relationship or from which the Firm or its affiliates or their personnel otherwise derives financial or other benefit. Such relationships may influence decisions that the Firm makes with respect to the Clients.

Firm Personnel and other related persons of the Firm and its affiliates have made and may make capital investments in or alongside certain Clients. These investments may be at different times or in non-pro rata amounts, or in different classes or levels of the capital structure. Such persons therefore have additional conflicting interests in connection with these investments.



By reason of their responsibilities in connection with other activities of the Firm and its affiliates, certain Firm Personnel may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Clients will not be free to act upon any such information. Due to these restrictions, the Clients may not be able to initiate a transaction that they otherwise might have initiated and may not be able to sell an investment that they otherwise might have sold.

The Firm, its affiliates, and partners, officers, principals and employees of the Firm and its affiliates may buy or sell securities or other instruments that the Firm has recommended to Clients. Firm Personnel may also buy securities in transactions offered to but rejected by Clients. A conflict of interest may arise because such investing Firm Personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Firm on behalf of the Clients. In such circumstances, the investing Firm Personnel will not share or reimburse the relevant Client(s) and/or the Firm for any expenses incurred in connection with the investment opportunity.

In addition, Firm Personnel also buy securities and hold interests as passive investors in other investment vehicles (including private equity funds, venture capital funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of the Clients and/or which may invest in similar industries and sectors as the Clients (including investments for purposes of sourcing future investment opportunities). Such Firm Personnel have a conflict of interest with respect to their personal investment holdings. There could be situations in which such investment vehicles invest in the same portfolio investments as the Clients, and there may be situations in which such investment vehicle purchases securities from, or sells securities to, a Client. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Clients. In the event Firm Personnel make an investment with the intent to source future investments for the Clients, there is a greater likelihood that the Clients will make investments in the same portfolio investments in which Firm Personnel hold an interest as described above. Such personnel may be incentivized to cause a Client to act in a manner that benefits such other investment vehicles and indirectly, themselves as investors in such investment vehicles.

The transactions described above are subject to the policies and procedures set forth in the Firm's Code, and investors will not benefit from any such investments.

Firm Personnel have family members that are actively involved in industries and sectors in which the Clients invest or have business, personal, financial or other relationships with companies in such industries and sectors (including service providers described below) or other industries, which gives rise to conflicts of interest. For example, such family members might be officers, directors, personnel or owners of companies which are actual or potential investments of the Clients or other counterparties of the Clients and the portfolio investments. Moreover, in certain instances, the Clients or the portfolio investments may purchase or sell companies or assets from or to, or otherwise transact with companies that are owned by such family members or in respect of which such family members have other involvement. The fees for services provided by such service providers may or may not be at the same rate charged by other third-party service providers and the Firm is not required to select service providers who may have lower rates (or to engage in any

benchmarking of such fees). In most such circumstances, the Clients' Governing Documents will not preclude Clients from undertaking any of these investment activities or transactions.

From time to time, Firm Personnel may invest in funds or other entities managed by limited partners of a Client, which could incentivize such Firm Personnel to afford the limited partner preferential or favored treatment and could create conflicts of interest to the extent such other funds compete with a Client for investment opportunities or invest in competing portfolio investments.

#### *Fee Structure*

The Management Fee payable to the Firm creates an incentive for the Firm to make investments, defer realizations and take other actions that increase or maintain the Clients' net asset value over the near term even though other investments or actions may be more favorable.

In addition to receiving a Management Fee, the Firm also receives Performance-Based Fees from the Clients based upon the appreciation, if any, in the net assets of the Clients. The Firm has an incentive to make investments that are generally more risky than would be the case in the absence of such fee arrangements or to use higher leverage to increase returns on investments. Under certain circumstances, the use of leverage may increase the likelihood of a loss that could materially adversely affect the fair value of the Clients' assets and the market value of its shares. In addition, because the incentive fee is calculated on a basis which includes unrealized appreciation, it may be greater than if such compensation were based solely on realized gains.

#### *Diverse Membership*

The Clients' investors are expected to include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors often have conflicting investment, tax and other interests with respect to their investments in the Clients. The conflicting interests among the investors generally relate to or arise from, among other things, the nature of investments made by the Clients, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest arise in connection with decisions made by the Firm or its affiliates, including with respect to the nature or structuring of investments, that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Clients, the Firm and its affiliates will consider the investment and tax objectives of the Clients, not the investment, tax or other objectives of any investor individually.

#### *Client Level Borrowing*

The Clients from time to time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses and liabilities, to pay management fees, organizational expenses, to make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from investors), to make payments under hedging transactions, to cover any shortfall resulting from an investor's default or exclusion. If a Client borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be used for all limited partners in such Client on a pro-rata basis, including the general partner.

To the extent a Client uses borrowed funds in advance or in lieu of capital contributions, the Client's investors generally make correspondingly later capital contributions, but the Client will bear the expense of interest on such borrowed funds. As a result, the Client's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and generally make net IRR calculations higher than they otherwise would be without fund-level borrowing as these calculations generally depend on the amount and timing of capital contributions. It is expected that the interest will accrue on any such outstanding borrowings at a lower rate than any preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Client. Thus, while the Client will bear the expense of borrowed funds, such borrowings can also increase the Performance-Based Fees received by the Firm or its affiliates or will result in the Firm or its affiliates receiving Performance-Based Fees earlier than they would otherwise have by decreasing the amount of distributions from the Clients that are required to be made to Client investors in satisfaction of any preferred return. The general partner of a Client therefore has a conflict of interest in deciding whether to borrow funds because the general partner may receive disproportionate benefits from such borrowings. Furthermore, the use of Fund-level borrowing for investment purposes are treated as investment capital for purposes of calculating the relevant Client's Management Fee. Therefore, investors pay Management Fees on borrowed amounts used to fund an investment even though such amounts would not accrue a preferred return as described above.

To the extent a subscription facility is due upon demand by a lender (such as upon an event of default or otherwise), such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of such liquidity constraints and/or investors facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. The batching of capital calls may amplify the magnitude of potential defaults by investors as a result of there being fewer but larger capital calls. Moreover, the existence of a subscription facility may impair an investor's ability to transfer its interest in a Client as a result of restrictions imposed on such transfers by the lender.

Borrowing by a Client will generally be secured by capital commitments made by the limited partners to a Client and/or by a Client's assets, and documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interests of the investors may be subordinated to such Client-level borrowing. Moreover, tax-exempt investors should note that the use of borrowings by a Client may cause the realization of Unrelated Business Taxable Income.

The use of Client-level borrowings will differ based on available credit facility capacity and contractual terms applicable to each Client and each such credit facility. Therefore, as the subscription credit facilities utilized by the Clients may have different terms, while the Clients may be invested in the same investment, and while the valuation of such investment would be consistently determined pursuant to the relevant Governing Documents, the investment return can, in certain circumstances, differ among the Clients as a result.

### *Position Filings*

Under the regulatory regimes applicable in certain jurisdictions a Client and/or the Firm are from time to time be required to (1) make filings (with regulators and/or with the relevant issuer or exchange) relating to one or more of the Client's long or short positions in relation to the securities of particular issuers listed or incorporated in such jurisdictions where those positions exceed certain minimum size thresholds and/or (2) publish details of those positions to other market participants. Depending on the rules in the relevant jurisdiction, such filings or publications can be required to be made by, or in respect of the Client on a stand-alone basis or the Firm can be required to make the relevant filing or publication on an aggregated basis taking into account the positions of other Clients.

It is possible that, on occasion, the Firm will not have accurate, up-to-date information which would lead to the Firm making incorrect filings or publications and/or not making filings or publications on a timely basis. Some jurisdictions effectively operate a strict liability approach to any failures to comply with the requirements to make filings or publications on an accurate and timely basis, with the result that the Firm or Client will receive a fine or other sanction or penalty from the relevant regulator in the event of a failure to make such filings or publications on an accurate and timely basis, regardless of whether there are any mitigating circumstances (including, without limitation, where the inaccuracy or failure to file on time resulted from the use of inaccurate third-party data).

The fines and financial penalties for such breaches can be substantial. Consequently, to the extent that the Client is liable to pay such fines or penalties, the Firm generally will not reimburse fines and financial penalties suffered by such Client resulting from position filings that are inaccurate or not filed on a timely basis unless the Firm has breached its standard of care as established by the Governing Documents.

### *Valuation of Assets*

There is no actively traded market for many of the investments owned by the Funds. In determining the net asset value of a Fund, the Firm will determine a fair value of such investments applying a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to multiple levels of review for approval to ensure that portfolio investments are fairly valued. In addition, for all investments other than the "equity" or residual tranches of U.S. collateralized loan obligations (CLO Equity) that do not have an actively traded market, the Firm has engaged an independent third party to provide reasonable assurance of fair valuation on an ongoing basis. The process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and will differ from the prices at which such securities are ultimately sold. Third-party pricing information may at times not be available regarding certain of a Fund's assets.

With respect to CLO Equity, the Firm uses investment modeling software to model expected cash flows of CLO investments. These modeled cash flows are then used to calculate the IRR and, using an appropriate discount rate, the fair value of each CLO investment. The modeled cash

flows are determined using certain specified assumptions, including without limitation, annual default rates, recovery rates, prepayment rates and reinvestment prices and spreads, as well as their timing and duration, which in certain instances may be several years. These modeled cash flows and assumptions, including discount rates, may prove to be inaccurate and require adjustment. Where the Firm believes that there are a range of appropriate values for a given assumption, the Firm selects the model input for such assumption from the range in good faith, using its best judgment as to the appropriate value within the range based on the facts and circumstances. Factors affecting the accuracy of such modeled cash flow predictions include: (1) uncertainty in predicting future market values of certain assets (including, defaulted securities and “excess CCC rated” securities) used in determining overcollateralization or similar ratios, (2) the inability to accurately model collateral manager behavior such as trading gains/losses or cash holding levels, and (3) the divergence over the period covered by the model of assumed variables from realized levels, including reinvestment spreads/prices, the timing and severity of defaults and downgrades, prepayment levels as well as interest rate and foreign exchange volatility. Determining the appropriate discount rate is a subjective process and relies upon market data from a variety of third-party sources, which may not be available on a consistent basis. In addition, the underlying CLO trustee reports used to assemble applicable investment data for the cash flow models are subject to data entry and other human errors, which may not be immediately discovered, if at all, in the course of the Firm’s investment portfolio updates and valuation procedures.

With respect to certain of the Clients, the exercise of discretion in valuation by the Firm gives rise to conflicts of interest because the Management Fees and Performance-Based Fees in certain Clients are calculated based, in part, on these valuations. Accordingly, the Firm may be incentivized to maximize fair valuations. As discussed above, with respect to all fair valued assets other than CLO Equity, the Firm has sought to mitigate this conflict of interest by engaging an independent third party to provide reasonable assurance as to the valuations on an ongoing basis. With respect to CLO Equity, the Firm has sought to mitigate this conflict of interest by engaging an independent third party to annually review the appropriateness of the model applied and the reasonableness of the assumptions used in the model. Additionally, each of the Funds investing in CLO Equity has a valuation committee that reviews and approves the valuations.

### *Service Providers*

Services required by a Client and its affiliates (including some services historically provided by the Firm or its affiliates to the Clients) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties or licensed software, in each case in the discretion of the Firm or its affiliates. This can create a conflict of interest because the Firm and its affiliates have an incentive to outsource such services at the expense of the Clients to, among other things, leverage the use of Firm Personnel. Such services may include, without limitation, deal sourcing, asset management, information technology, licensed software, depository, data processing, client relations, administration, custodial, marketing and marketing-reviews, accounting, valuation, trading, legal, human resources, client services, compliance, corporate secretarial and tax support, director services and other similar services. Outsourcing may not occur universally for all Clients, and, accordingly, certain costs may be incurred by a Client for a third-party service provider that are not incurred for comparable services by other Clients. The decision by the Firm to initially perform a service for a Client in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part

to a third-party service provider in the future, and the Firm has no obligation to inform such Clients or investors of such a change. Such services may also supplement or be performed alongside services performed by the Firm. In addition, certain internal service providers (such as internal accountants) may “shadow” or otherwise review the reports of other services provided by such third parties. The costs and expenses of any such third-party service providers will be borne by the Clients.

If a service provider provides services to a Client on the property of the Firm, such Client may also be responsible for any overhead, rent or other fees, costs and expenses charged by the Firm in connection with an on-site arrangement.

The Firm generally does in its discretion, contract directly with, or recommend to a Client (in response to a solicitation for a recommendation or otherwise) that it contract for services with, a related person of the Firm or an affiliate (including but not limited to a portfolio investment of a Client). When making such a recommendation, the Firm, because of its financial or other business interest, has an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Additionally, former Firm employees may also become employees, officers or directors of, or otherwise be engaged by, third-party service providers that provide services to the Firm and/or the Clients. While employed by the Firm, the cost of the compensation, benefits and attributable overhead provided to these individuals are paid by the Firm unless the Clients’ Governing Documents permit certain allocations of internal expenses to the Clients. If a former Firm employee becomes an employee or consultant of a third party that also provides services to a Client, such former Firm employee may be assigned by such third party to provide services to that account. In such instance, the cost of the third-party service provider attributable to the former Firm employee working on the Clients will be borne entirely by the Client.

Additionally, Firm Personnel, and/or their family members or relatives may have ownership, employment, or other economic or other interests in certain service providers. These relationships can influence the Firm in determining whether to select or recommend such service provider to perform services for a Client. Although the Firm selects service providers that it believes will enhance the performance of the relevant Client(s), there is a possibility that the Firm, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Certain other service providers to the Firm and/or the Clients, or affiliates of such service providers, also provide goods or services to or have business, personal, financial or other relationships with the Firm, its affiliates, or their respective portfolio investments. Such service providers (or their employees) may also source investment opportunities, be co-investors or commercial counterparties or entities in which the Firm and/or the Clients have an investment, and payments by a Client and/or such portfolio investments may indirectly benefit the Firm and/or such Clients.

The Clients have in the past and may, from time to time in the future pay a fee to an investment bank with respect to a particular transaction which fee may, in whole or in part, reflect a payment to the investment bank for finding deals for the Firm, the Clients and/or Other Funds in the future.

As a result, the Client paying the fee to the investment bank may not receive the benefit of the future deals sourced by the investment bank and the other Client and/or Other Fund to which a deal is allocated will not be required to reimburse the paying Client for such fee.

Investors have in the past or may from time to time in the future be introduced to the Firm, or may be brought in a Client, by a third-party consultant from which the Firm or a related person purchases products and to which the Firm or a related person may make payments, including in connection with conferences sponsored or hosted by the third-party consultant.

In addition, service providers often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required, and the time demands of the service provider. As a result, to the extent the services required by the Firm or its affiliates differ from those required by the Clients, the Firm and its affiliates will pay different rates and fees than those paid by the Clients.

The Firm and the Clients will generally engage common legal counsel and other service providers in a particular transaction, including a transaction in which there may be conflicts of interest (e.g., cross transactions and other affiliated transactions). Members of the law firms engaged to represent the Clients may be investors in a Client and may also represent one or more portfolio investments or investors in a Client. In the event of a significant dispute or divergence of interest between Clients, the Firm and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Firm and its affiliates, and in litigation and other circumstances, separate representation may be required.

#### *Positions with Portfolio Investments*

Firm Personnel may serve as directors of, or observers on boards with respect to, certain portfolio investments. While conflicts of interest may arise in the event that such Firm Personnel's fiduciary duties as a director conflicts with those of the Clients, it is expected that generally the interests will be aligned. For instance, such positions could impair the ability of a Client to sell the securities of an issuer in the event a director receives material non-public information by virtue of his or her role, which would have an adverse effect on the Clients. Furthermore, Firm Personnel serving as a director to a portfolio investment owes a fiduciary duty to the portfolio investment, on the one hand, and the relevant Client, on the other hand, and such Firm Personnel may be in a position where they must make a decision that is either not in the best interest of the Client, or is not in the best interest of the portfolio investment. Firm Personnel serving as directors may make decisions for a portfolio investment that negatively impact returns received by a Client investing in the portfolio investment. In addition, to the extent a Firm Personnel serves as a director on the board of more than one portfolio investment, such Firm Personnel's fiduciary duties among the two portfolio investments may create a conflict of interest. Certain decisions made by a director may subject the Firm, its affiliate or a Client to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Clients will indemnify the Firm and Firm Personnel from such claims. Firm Personnel serving in a director or observer role are required to remit any remuneration they may receive as directors to the applicable Clients. In addition, Firm Personnel may leave the employment of the Firm, its affiliates and become an officer or employee of a portfolio investment,

which may shift the burden of compensating which will shift the burden of compensating such persons from the Firm to the applicable portfolio investments.

Firm Personnel are prohibited from receiving consulting, management or other fees personally from portfolio investments.

From time to time Firm Personnel may also be asked to serve as directors of, or observers with respect to, certain entities in which a Client has fully exited its ownership interest and/or following the termination of such person's employment with the Firm. In such circumstances, any compensation or fees received with respect to such exited investment and/or by such former employee are not shared with the Clients and/or investors.

#### *Side Letter Agreements*

The Firm may enter into certain side letter arrangements with certain investors in a Client providing such investors with different or preferential rights or terms, including but not limited to different fee structures and other preferential economic rights, information and reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, co-investment rights, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, modification of representations, indemnification and/or liability and other obligations, veto rights and liquidity or transfer rights. Except as otherwise agreed with an investor, the Firm (or applicable general partner) is not required to disclose the terms of side letter arrangements with other investors in the same Client. Also, investors will have no recourse against a Client, the applicable Client's general partner, the Firm or their respective affiliates in the event that certain investors receive additional or different rights or terms pursuant to such side letters, some of which rights may impact the rights and/or increase the obligations of other investors. In addition, side letter arrangements with certain investors of the Clients impose additional restrictions on investing in certain types of assets, geographies or industries in order to meet certain legal, tax, regulatory, internal policy or other requirements of such investors. While these restrictions are intended to apply solely to such investors, they may ultimately restrict the investments made by an applicable Client.

#### *Other Potential Conflicts*

The Governing Documents with the Clients establishes complex arrangements among the Clients, the Firm, Other Funds and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Governing Documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Firm will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Client or its investors.



The Firm and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Client, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Client expenses may result in “miles” or “points” or credit in loyalty/status programs to the Firm and/or its personnel, and such benefits, rewards and/or amounts (whether or not *de minimis* or difficult to value), will exclusively benefit the Firm and/or such personnel even though the cost of the underlying service is being borne by the Client, its investors and/or the portfolio investments. Any such benefits, rewards and/or amounts will not be shared with such Client, investors and/or the portfolio investments. In addition, airline travel incurred as a Client expense for Firm personnel travelling for appropriate Client-related purposes (including, without limitation, travel related to a portfolio investment, a prospective portfolio investment or other Client-related matter) may benefit such the Firm personnel to the extent the trip also serves a personal purpose.

The Firm has in the past and may, from time to time in the future, cause one or more Clients to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Clients and/or Other Funds, the applicable general partner, the Firm and/or Firm Personnel and their respective agents, representatives, members of the advisory committee and other indemnified parties, against liability in connection with the activities of the Clients. This may include a portion of any premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by the Firm that cover one or more Clients and/or Other Funds and/or the Firm (including Firm Personnel and their respective agents, representatives, members of the advisory committee and other indemnified parties). The Firm will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Clients and/or Other Funds, and/or the Firm on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in the Clients bearing less (or more) premiums, fees, costs and expenses for insurance policies.

The Firm may, from time to time, require, cause or invite the Clients and/or a portfolio investment to make contributions to charitable initiatives, or other non-profit organizations that the Firm believes could, directly or indirectly, enhance the value of the Clients’ investments, assist in completing an acquisition of a portfolio investment or other transaction (whether or not documented at the time of such acquisition or transaction) or otherwise serve a business purpose for, or be beneficial to, the Funds or their portfolio investment. Such contributions could be designed to benefit employees of a portfolio investment, the community in which a portfolio investment operates or a charitable cause essential to, or consistent with, the business purpose of a portfolio investment. In certain instances, such charitable initiatives could be sponsored by, affiliated with or related to current or former employees of the Firm, portfolio investment management teams, advisors, service providers, vendors, and/or other persons or organizations associated with the Firm, the Clients or the portfolio investments. These relationships could influence the Firm’s decision whether to require, cause or invite the Clients or the portfolio investments to make charitable contributions. Further, from time to time, such charitable contributions by the Clients or the portfolio investments could supplement or replace charitable contributions that the Firm would have otherwise made. Also, in certain instances, the Firm may, from time to time, select a service provider or other counterparty to the Clients or their investments

based, in part, on the charitable initiatives of such person where the Firm believes such charitable initiatives could, directly or indirectly, enhance the value of the Clients' investments or otherwise be beneficial to the portfolio investments.

A Client may invest in a pooled investment vehicle that is advised by, or that has another business or other relationship with, the Firm or its related persons. In such a case, investors in such Client will bear not only the direct management fees and other expenses associated with their investment in the Client, but also the expenses and fees associated with the investment in the underlying pooled investment vehicle, some of which fees and expenses may be paid to the Firm or its related persons. Additionally, the interests of the Client, as an investor, may conflict with the interests of the underlying pooled investment vehicle or the Firm or its related persons in their capacity as service providers to the underlying pooled investment vehicle, which would create a conflict of interest for the Firm.

Certain Clients for which Tetragon Credit Partners acts as general partner are expected from time to time to make investments in CLOs, and will be entitled to receive payments from, or be charged discounted management fees by, LCM and other collateral managers, and are expected to purchase CLO securities at a discount, as a result of such vehicles also making equity investments in CLOs of such collateral managers. However, to the extent that any such vehicle makes investments on the secondary markets in residual tranches or debt securities of CLOs (including CLOs managed by LCM), the vehicle may not be able to obtain discounts regarding management fees or otherwise. In addition, the Firm or its affiliates may receive an interest in CLO managers who manage CLOs in which such vehicles have invested or will invest whether or not such entities are entitled to receive payments from, or be charged discounted management fees by, such collateral managers, and other members of the Tetragon group will be involved in such transactions and receive consideration in respect thereof.

The Firm may represent creditors or debtors in proceedings under Chapter 11 of the Bankruptcy Code or prior to such filings. From time to time, the Firm may serve as advisor to creditor or equity committees. This involvement, for which the Firm may be compensated, may limit or preclude the flexibility that the Clients may otherwise have to make investments.

If a Client purchases in the secondary market at a discount debt securities of a company in which a Client has, for example, a substantial equity interest, (a) a court might require a Client to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities, or (b) a Client might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

Please see the discussion above under the sub-heading "*Resolution of Conflicts*" for a description of the means by which the Firm and its related persons may seek to alleviate conflicts of interest among the Clients or other persons.

## Item 12 Brokerage Practices

### *Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions*

The Firm is responsible for choosing the brokers, dealers and counterparties (each for purposes of this section, a broker) used to execute securities transactions on behalf of the Clients, subject to the Firm's obligation to obtain the best commission price and execution on any particular transaction.

In selecting brokers, the determinative factor is not always the lowest possible price or commission, but whether the Firm believes that the transaction represents the best execution for the client. In making such determination, the Firm may weigh a combination of the following factors, which include, but are not limited to:

- financial stability and capital adequacy (e.g., satisfaction of Financial Industry Regulatory Authority's (FINRA) minimum net capital requirements, etc.);
- whether the broker is a wholly owned subsidiary of a larger financial institution and/or whether its trades are cleared through a stronger third party (i.e., a party with significant financial backing);
- regulatory and disciplinary history (e.g., FINRA's Central Registration Depository Disclosure Reporting Page, monetary fines or settlements);
- execution capability (e.g., speed of execution, history of securing best price and competitive transaction charges);
- the broker's operational efficiency including its ability to complete the transaction satisfactorily through to clearance, confirmation and delivery;
- the value of the research provided and other research assistance first calls and providing useful ideas and market color;
- access to underwritten offerings and secondary markets;
- responsiveness and qualifications, professionalism and diligence of personnel (e.g., responsiveness to the Firm);
- direct telephone lines from the Firm to broker-dealers;
- institutional references from senior traders;
- trading experience (e.g., the broker's expertise in effecting difficult trades in less liquid, smaller capitalized and more closely held issues);
- a broker's willingness to enter into difficult transactions, including transactions in which the broker's capital is put at risk;
- providing access to issuers;
- whether the broker possesses special abilities that have been demonstrated to add value to Clients' portfolios (e.g., broker-dealer provides anonymity and has a reputation for integrity when handling transactions and maintaining confidentiality); and

- the facilities that the broker makes available (including trading networks, access to multiple floor brokers and markets and significant resources for positioning as principals).

The Firm will seek competitive commissions and spreads; however, it does not necessarily obtain the lowest possible per transaction rate. The Firm will only consider factors relevant to a specific transaction in determining best execution. Broker commissions are monitored on an ongoing basis by portfolio managers, the Firm's Finance Group and the TMSCC.

#### *Prime Brokers*

The Firm engages the services of certain prime brokers. The services provided by prime brokers to the Firm include custody, execution, stock borrowing, clearing, financing, settlement, banking, foreign exchange, reporting and other related services. The Firm reserves the right to change the prime brokerage and custodian arrangements and/or, in its discretion, to appoint additional or alternative prime brokers from time to time.

As a custodian, a prime broker is responsible for the safekeeping of all investments and other assets of the Firm that are delivered to it in accordance with applicable rules and regulations and the terms of its respective prime brokerage agreement. Custodied assets are held in a manner such that they can be identified at any time by the prime broker as belonging to a Client and as separate from such prime broker's own assets. Custodied assets held as collateral or on margin are generally not segregated from the prime broker's own assets and in the event of the prime broker's insolvency may not be recoverable in full. Cash held for the Firm by a prime broker generally will not be treated as client money and will not be segregated from the cash of the prime broker. As a consequence, the Firm ranks as a general creditor of such prime broker in the event of its insolvency with respect to such cash. Furthermore, in the event that any of the custodied assets are registered in the name of a prime broker where, due to the nature of the law or market practice of that jurisdiction, it is in the Firm's best interests to do so or it is not feasible to do otherwise, such custodied assets will also not be segregated from the prime broker's own securities and in the event of the prime broker's default may not be as well protected. The Firm may agree to indemnify each of the prime brokers against any expenses, costs, losses, damages and liabilities which a prime broker may sustain in providing these services, except where the same are incurred as a direct result of the fraud, willful default, negligence of, or breach of the relevant prime brokerage agreement by the prime broker.

#### *Trade Management Supervisory and Compliance Committee (TMSCC)*

In addition to the continuous supervision of assigned portfolios and accounts by relevant persons, the Firm has also established a TMSCC to provide additional supervision and monitoring of trading activities. The TMSCC generally meets quarterly and is comprised of representatives from the following groups: investment professionals, operations, legal, compliance, risk and finance.

The TMSCC has the following responsibilities:

- establish and maintain the Firm's list of approved traders;

- approve broker-dealers through which the Firm's traders may execute client trades, authorizing the removal of brokers from the list of approved brokers (Approved Broker List) and maintain the current Approved Broker List;
- evaluate the performance of broker dealers on the Approved Broker List including commission rates, execution services, reliability and coverage;
- review brokerage allocation;
- review and approve any soft dollar arrangements;
- review proxy voting;
- review trade errors and determine whether any remedial actions are required;
- review allocation of investment opportunities and aggregation of client trades;
- review securities regulations, or changes and amendments thereto, related to trading;
- review trade errors, trade breaks and failed trades;
- review of research usage;
- review of relevant legal, regulatory and compliance matters; and
- ensure adequate internal controls are maintained over the Firm's trades and trading activities and general compliance infrastructure.

#### *Research and other "Soft Dollars"*

An investment adviser or its related persons may receive products and services in addition to brokerage services from a broker-dealer only in a manner consistent with (i) the safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended, and (ii) the firm's duty to seek best execution for its clients. Services that an investment adviser may receive from such broker-dealers may include research, general market commentary, economic information, trading advice, industry and company commentary, technical data, recommendations, general reports, quotations and other market data or information and the arrangement of meetings with the management of issuers. An investment adviser benefits from these arrangements because it does not have to produce or pay for the research, products or services received. The investment adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving soft dollar benefits rather than on clients' interest in receiving most favorable execution. As a result of an investment adviser's soft dollar practices, clients may be required to pay higher commissions than those charged by other broker-dealers in return for soft dollars. The services received from broker-dealers and paid for by a client may be used by an investment adviser's related persons, including in servicing other clients. Research and other soft dollar benefits may not always be utilized for the specific client that generated the soft dollar benefits, or in direct proportion to the value paid by each client. Additionally, it may not be possible to place a dollar

value on the quality of executions or the soft dollar benefits that the firm receives from broker-dealers effecting client transactions. Accordingly, broker-dealers selected by a firm may be paid commissions for effecting portfolio transactions for client accounts in excess of amounts other broker-dealers would have charged for effecting similar transactions, if a firm determines in good faith that such amounts are reasonable in relation to the value of the soft dollar benefits provided by those broker-dealers, viewed either in terms of a particular transaction or the firm's overall duty to discretionary accounts.

The Firm does not currently enter into "soft dollar" arrangements with its broker-dealers, including for mixed-use products and services. To the extent the Firm considers use of "soft dollar" arrangements the Firm would amend its policies to ensure compliance with the applicable rules and regulations pertaining to these arrangements, and will only enter into arrangements within the Section 28(e) safe harbor requirements.

### *Aggregation of Orders*

From time to time, the Firm and/or its affiliates may purchase or sell the same security for several clients at approximately the same time. On such occasions, the Firm can (but is not obligated to) combine or "bunch" such orders in order to secure certain efficiencies and results with respect to execution, clearance and settlement of orders. When a bunched order is completely filled, each participating account will generally participate at the average price paid or received on that day for the bunched order, and share in any associated transaction costs, based upon the initial amount requested for the account. When a bunched order is only partially filled, the securities purchased are allocated on a pro rata basis to each client participating in the bunched order based upon the initial amount requested for the client, subject to certain exceptions, and each participating client participates at the average share price for the bunched order on the same day.

The relevant investment managers may open "average price" accounts with brokers. In an "average price" account, purchase and sale orders placed during a trading day on behalf of all accounts of the investment managers, their affiliates and their clients are combined, and securities bought and sold pursuant to such orders are allocated among such accounts on an average price basis.

Furthermore, the Firm and its affiliates will bunch orders in a manner designed to ensure that no particular client or account is favored and that participating clients are treated in a fair and equitable manner over time. Additionally, in bunching orders, the Firm will act in a manner it believes is equitable for clients.

### **Item 13    Review of Accounts**

The Firm's portfolio managers and analysts are responsible for understanding the investment objectives and policies of each Client for which they exercise investment discretion. Generally, the investments of the Clients are reviewed on a regular basis by the appropriate Firm professionals which includes the relevant portfolio managers and other investment professionals, as well as the Chief Financial Officer, the Chief Compliance Officer, members of the Firm's investor relations group, risk professionals, among others, consistent with the account's needs. These reviews are designed to, among other things, monitor and analyze transactions, positions, investment levels

and portfolio risk. The investment professionals meet regularly to review, among other things, global market conditions, potential risks in the capital markets as well as country, sector, industry or company level risk factors. This ongoing review is done in addition to the quarterly TMSCC review as discussed above in Item 12.

Certain clients are furnished with annual financial statements examined by independent auditors. The Firm and/or the qualified custodian for such account also generally furnish investors with written monthly reports describing the fund's performance. For certain other Clients trade confirmations are sent upon execution in such accounts.

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

For details regarding economic benefits provided to the Firm by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above.

The Firm has in the past, and may from time to time, engage one or more persons to act as a placement agent for a Client in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee. Such Client may bear the costs of such placement agent fees, subject to any limitations set forth in its Governing Documents.

#### **Item 15 Custody**

Item 15 is not applicable to the Firm.

#### **Item 16 Investment Discretion**

The Firm accepts discretionary authority based on the express grant of such authority in the Governing Documents. This discretion is subject to certain limitations or restrictions in the Governing Documents.

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

Rule 206(4)-6 under the Advisers Act requires registered investment advisers that exercise voting authority over Client securities to implement proxy voting policies. The Firm has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds. To the extent that the Firm exercises or is deemed to be exercising voting authority over its clients' securities, the policy is designed and implemented in a manner reasonably expected to ensure that voting with respect to proxy proposals, amendments, consents or resolutions, or each a Proxy and collectively, Proxies, is exercised in a manner that seeks to serve the best interest of the Clients.

From time to time, conflicts may arise between the interests of a Client, on one hand and the Firm's (or of its affiliates') interests, on the other hand. If the Firm determines that it has, or may be perceived to have, a conflict of interest when voting a Proxy, it will seek to address matters involving such conflicts of interest on a case-by-case basis in a fair and equitable manner, subject to legal, regulatory, contractual or other applicable considerations. The Firm, in its sole discretion,

may elect not to vote a Proxy if unduly burdensome. The TMSCC reviews all Proxies relating to client accounts as a part of its evaluation and meeting process.

Records relating to proxy voting and copies of the Firm's proxy voting policies are available to investors upon request. To request a copy, please email the Legal, Regulatory and Compliance team at [legal@tetragoninv.com](mailto:legal@tetragoninv.com).

#### **Item 18 Financial Information**

Item 18 is not applicable to the Firm.

#### **Item 19 Requirements for State-Registered Advisers**

Item 18 is not applicable to the Firm.