

Moore Specialty Credit Funds Brochure

MOORE CAPITAL MANAGEMENT, LP

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This brochure provides information about the qualifications and business practices of Moore Capital Management, LP with respect to Moore Group's Specialty Credit Funds. If you have any questions about the contents of this brochure, please contact us at 212-782-7000. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Moore Capital Management, LP, also is available on the SEC's website at www.adviserinfo.sec.gov.

March 31, 2023

Material Changes

Since filing our annual update on March 31, 2022, we have updated the risk factors discussed in Item 8 of this Brochure. There have been no other material changes in this brochure during this period.

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Item 4 - Advisory Business

Moore Capital Management, LP (“Moore Capital Management”) is a Delaware limited partnership that, with its predecessor firm, has been in the investment management business since 1989. Moore Capital Management is principally owned indirectly by Louis Moore Bacon. Mr. Bacon also serves as Chairman and Chief Executive Officer of Moore Capital Management.

Moore Capital Management, together with certain of its investment adviser affiliates (collectively, “Moore Group”), provides investment management services on a discretionary basis to U.S. and non-U.S. privately-offered investment funds sponsored by Moore Group. This brochure provides information specifically with respect to Moore Group’s Specialty Credit Funds. The Moore Group manages two Specialty Credit Funds: (i) Moore Asset Backed Fund, and (ii) Moore Specialty Credit Fund, both of which are closed to new investors (collectively, the “Specialty Credit Funds”).

Moore Group generally will effect the specialty credit strategies through a “master-feeder” fund structure whereby an onshore fund and an offshore fund invest substantially all of their assets as “feeder funds” into an offshore master fund and an onshore master fund. For convenience, we will sometimes refer to each feeder fund, and the master fund(s) in which it invests, as a “Specialty Credit Fund” and collectively as the “Specialty Credit Funds.” With respect to any particular investment, the onshore Specialty Credit Fund and the offshore Specialty Credit Fund will invest through the appropriate master fund depending upon the tax characteristics of the investment. Investors in either the onshore or offshore Specialty Credit Fund will share in the returns of both master funds. The General Partner expects that many of the Specialty Credit Funds’ investments will be made through special purpose vehicles owned by the master funds such that each investment will be owned by a distinct bankruptcy remote vehicle. The General Partner believes that this structure will allow the Specialty Credit Funds to finance their investments on a stand-alone basis without impacting other investments.

Moore ABS Fund GP, LP and Moore SC Fund GP II, LP, each an affiliate of Moore Capital Management, serve as the General Partners of the respective Specialty Credit Funds (the “General Partner”) and will make all investment and disposition decisions for the Specialty Credit Funds. The General Partner will delegate certain aspects of the management of the Specialty Credit Funds to Moore Capital Management, provided that the management and the conduct of the activities of the Specialty Credit Funds shall remain the ultimate responsibility of the General Partner, and all decisions relating to the selection and disposition of the Specialty Credit Fund’s investments shall be made exclusively by the General Partner.

As of December 31, 2022, Moore Group had approximately \$40,196,883,000 in regulatory assets under management, all managed on a discretionary basis.

Moore Group’s management of each Specialty Credit Fund, and the terms of any investor’s investment in a Specialty Credit Fund, are governed exclusively by the terms of that Specialty Credit Fund’s organizational documents, private offering memorandum or other disclosure documents, limited partnership agreement (if any), investment management agreement, and subscription agreement (the “governing documents”).

All discussions in this brochure of the Specialty Credit Funds, their investments, the strategies Moore Group uses in managing the Specialty Credit Funds, and the fees associated with an investment in the Specialty Credit Funds are qualified in their entirety by reference to the Specialty Credit Funds' governing documents. This brochure and the material contained herein is not meant to be, nor shall it be construed as, an offer or solicitation of an offer for the purchase or sale an interest in the Specialty Credit Funds.

Information about Moore Group's management of other private investment funds ("Other Funds") is available in a separate brochure. The Specialty Credit Funds and Other Funds are sometimes referred to in this brochure collectively as the "Funds."

Item 5 - Fees and Compensation

Moore Group's fees are set forth in each Specialty Credit Fund's governing documents and are explained in detail in each Specialty Credit Fund's private offering memorandum. Moore Group does not have a fee schedule and the fees that it charges to the Specialty Credit Funds generally are not negotiable.

Management Fee. Moore Capital Management receives an annual management fee, payable by the Specialty Credit Funds. During the investment period, the original Specialty Credit Fund charges a management fee equal to 1.5% of capital commitments and the second Specialty Credit Fund charges a management fee equal to 1.5% of capital contributions. Thereafter, the management fee generally will be 1.5% of the cumulative capital contributions that were used to acquire investments held by the Specialty Credit Funds as of the relevant payment date, provided that such calculation of cumulative capital contributions may not exceed aggregate capital commitments. Any indebtedness incurred by a Specialty Credit Fund in lieu of a drawdown of capital commitments that is secured by remaining capital commitments will be treated as capital contributions for purposes of this determination. The management fee also is subject to reduction under certain circumstances, as described in the relevant governing documents.

The management fee is payable quarterly in advance from drawdowns of the limited partners' unfunded capital commitments.

Notwithstanding the foregoing, the General Partner of the Specialty Credit Funds may afford particular limited partners more favorable terms with respect to management fees pursuant to a special management fee arrangement between such limited partner and the General Partner.

Organizational Expenses. Each Specialty Credit Fund bears all of its legal and other expenses incurred in the formation of the Specialty Credit Fund and offering of interests in the Specialty Credit Fund. For certain Specialty Credit Funds, organizational expenses above a specified amount will be paid by the Specialty Credit Fund, but offset against the management fee payable to Moore Capital Management.

Other Expenses. Moore Capital Management will pay all normal operating expenses incidental to the provision of the day-to-day administrative services to the Specialty Credit Funds, including its own overhead. To the extent practicable, third-party costs will be charged to portfolio investments.

In addition to the management fee, and the distributions to the General Partner discussed in Item 6, each Specialty Credit Fund pays all costs, expenses and liabilities in connection with its operations,

including: (i) fees and expenses relating to consummated investments (including any management fee or incentive or performance-based fee charged in respect of a Specialty Credit Fund investment), proposed but unconsummated investments (including reverse break-up fees), indebtedness (including interest thereon), guarantees and temporary investments, including the preliminary investigation, evaluation, acquisition, holding and disposition thereof, to the extent that such fees and expenses are not reimbursed by a portfolio investment or other third person; (ii) legal, custodial, administrative, filing, accounting and auditing expenses, including expenses associated with the preparation of the Specialty Credit Fund's financial statements, tax returns and Schedule K-1s and the representation of the Specialty Credit Fund or its partners by the tax matters partner, including expenses paid or incurred in connection therewith and other regulatory or other filings with national, state, provincial or local regulatory authorities in any country or territory; (iii) banking and consulting expenses; (iv) appraisal and valuation expenses; (v) expenses associated with the Specialty Credit Fund's administration and reporting, including the annual meeting expenses; (vi) expenses of market data services and analytical tools; (vii) expenses related to organizing entities through or in which investments may be made; (viii) taxes, fees or other governmental charges or duties levied against the Specialty Credit Fund; (ix) insurance premiums; (x) litigation and indemnification expenses; (xi) costs of winding up and liquidating the Specialty Credit Fund; (xii) annual registration fees and registered office fees and expenses; and (xiii) other extraordinary expenses.

Each Specialty Credit Fund pays brokerage commissions on its transactions at rates negotiated for it by Moore Capital Management. Each Specialty Credit Fund pays all expenses incurred in connection with its trading and investment activities, including, but not limited to, all execution, give-up, brokerage, floor, exchange, clearing and regulatory fees, option premiums, other investment banking and transaction costs and expenses, delivery and custody expenses, interest and borrowing charges on margin accounts, borrowed money and property, and other indebtedness and related expenses and costs, bank, broker and dealer service fees and background check, valuation or appraisal fees and expenses. Each feeder fund indirectly pays its pro rata share of the transaction costs of the master fund(s) in which it invests. Please see Item 12, for more information about Moore Group's brokerage practices.

Termination. Each Specialty Credit Fund's investment management agreement may be terminated by the Specialty Credit Fund or by Moore Group without penalty upon written notice. An investment management agreement may not be assigned by a party without the prior written consent of the other party or parties.

Transfer and Withdrawal. Limited partners generally may not sell, transfer or pledge their interests in a Specialty Credit Fund except as permitted by the applicable partnership agreement and with the consent of the General Partner. Limited partners generally may not withdraw from the Specialty Credit Funds.

Portfolio Company Fees. Moore Group may charge portfolio investment directors' fees, transaction fees, monitoring fees, advisory fees, break-up fees and other similar fees. An amount equal to 100% of all such fees paid by portfolio companies that are received by Moore Group, net of any unreimbursed expenses incurred by Moore Group in connection with unconsummated transactions, will be applied to reduce the management fee otherwise payable. Management fee reductions will be carried forward if necessary. All such fees will be allocated among the master fund(s) and any related co-investing entities on the basis of capital committed by each to the relevant investment.

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

The net proceeds attributable to the disposition of a portfolio investment, distributions in kind of securities, and any dividends, interest or other income received with respect to a portfolio investment, are distributed first to all partners participating in the portfolio investment (unless the General Partner elects to reinvest them, as provided in the Specialty Credit Fund's governing documents) in an amount equal to such partners' aggregate capital contributions plus a preferred return. After that, the General Partner will receive a carried interest in the amount of 20% of the excess of (i) the cumulative distributions made to such partner and to the General Partner in respect of such partner over (ii) the capital contributions of such partner, plus 20% of the amount of any distributions above that.

Notwithstanding the foregoing, the General Partner may afford particular limited partners more favorable terms with respect to carried interest arrangements pursuant to a special arrangement between such limited partner and the General Partner.

No carried interest will be assessed relative to the capital commitments of the General Partner or with respect to certain investments by persons affiliated with or controlled by Moore Capital Management, including Mr. Bacon.

Moore Group does not currently manage any funds or other accounts that pay only a management fee. However, Moore Group may, in its discretion, manage other funds or accounts with higher or lower fees, and different fee structures, than the Specialty Credit Funds.

Item 7 - Types of Clients

Moore Group provides investment advice to the Specialty Credit Funds based on each Specialty Credit Fund's particular investment objectives and policies as described in the Specialty Credit Fund's private offering documents. Investors in the Specialty Credit Funds may include high net worth individuals, trusts, pension and profit sharing plans, charitable organizations, and corporations and other institutional investors.

Certain Specialty Credit Funds may not be available to U.S. investors, or may limit the number and/or type of U.S. investors they will accept. A Specialty Credit Fund that accepts U.S. investors will require that any U.S. investor certify that they are an "accredited investor" as defined in Regulation D under the Securities Act of 1933, as amended, and a "qualified purchaser" as defined in Section 2(a)(51) of the Investment Company Act of 1940. The Specialty Credit Funds also may impose qualification requirements with respect to non-U.S. investors.

Investors in the Specialty Credit Funds generally are required to meet certain conditions. The minimum capital commitment for a limited partner in the Specialty Credit Funds is \$10 million, although the General Partner may accept capital commitments of lesser amounts in its discretion. A Specialty Credit Fund may require investors to meet other qualifications as well, such as net worth, investment sophistication, and country of residence as well as completing the required subscription agreement. Interests in certain Specialty Credit Funds may not be available to investors in certain markets.

In addition, Moore Group may, from time to time, provide investment research services to third party investment managers. The provision of investment research services is generally limited to investment managers that previously were affiliated with Moore Group.

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

Each Specialty Credit Fund is managed in accordance with the investment objectives and strategies disclosed in its private offering memorandum and other governing documents. Investors and prospective investors in a Specialty Credit Fund should consult that Specialty Credit Fund's private offering memorandum to see which methods of analysis, investment strategies and risks are most relevant to it.

In general, each Specialty Credit Fund's objective is to engage, directly and through subsidiaries, in the business of attempting to achieve attractive risk-adjusted returns on capital through a combination of current income and capital appreciation while minimizing the risk of loss of principal. The Specialty Credit Funds' strategy is to invest in a broad spectrum of assets including loans (small business, consumer, student, auto, housing, commercial and residential real estate, and others); leases (equipment, aircraft, vehicle, and others); receivables (credit card, trade, small business and others); and collateralized and asset-backed securities (residential mortgage-backed ("RMBS"), commercial mortgage-backed ("CMBS"), other asset-backed securities ("ABS"), collateralized debt obligations and collateralized loan obligations ("CDO" and "CLO"), primarily in the United States and Europe (collectively, "Specialty Credit Assets").

Moore Group's Investment Process.

The General Partner intends to deploy a disciplined investment approach that is coupled with active portfolio surveillance and management. In constructing a Specialty Credit Fund's portfolio, the General Partner intends to structure investments in order to maximize risk-adjusted returns and maintain asset diversification. The General Partner's investment process focuses on three key elements: (i) Specialty Credit Assets, (ii) structuring and financing, and (iii) macro factors.

With respect to Specialty Credit Assets, the key factors that the General Partner expects to focus on include:

- Diversification across sectors and regions
- Optimization for short duration assets
- Maximization of exposure to secured assets where possible
- Confidence with respect to asset sustainability and future liquidity
- Retaining flexibility to be tactical on asset selection.

With respect to structuring and financing, the key factors that the General Partner expects to focus on include:

- Targeting non-recourse financings
- Optimizing for front-loaded cash flow assets that self-amortize
- Developing a diversified group of operating partners
- Ensuring control over collateral agreements and structures
- Understanding full life cycle of investment returns.

With respect to macro factors, the key factors that the General Partner expects to focus on include:

- Understanding regulatory costs and benefits
- Analyzing and incorporating economic factors and inputs
- Determining how global policy regimes can impact investments
- Utilizing sector specific research and market intelligences.

Having made investments in Specialty Credit Assets utilizing the foregoing investment process, the Specialty Credit Fund's success will also depend significantly on its ability to manage its portfolio. The General Partner's strategy in this regard focuses on the following:

- Active monitoring of investment performance and evaluation of relative value opportunities
- Flexible modification of exposures as landscape and risk factors evolve
- Maximization of timing for dispositions
- Harvest, monetize and reinvest opportunistically.

Investment Strategies.

Following is a description of the significant strategies Moore Capital Management employs in managing the Specialty Credit Funds.

Specialty Credit Assets, in general, are assets that entitle the holder to receive payments that depend primarily on the cash flow derived from (a) the direct ownership of loans, leases and receivables, and (b) exposure to a pool of financial assets, such as RMBS, CMBS, ABS, CDOs and CLOs. Specialty Credit Assets can be both performing and non-performing. The Specialty Credit Funds may also create and sponsor RMBS, CMBS, ABS, CDOs and CLOs with pools of assets it has acquired. In addition, the Specialty Credit Funds may invest in the equity of Specialty Credit-related platforms and whole businesses, risk retention qualified securities, regulatory capital relief participations, and hard assets such as commercial and residential real estate and transportation.

The Specialty Credit Funds expect to invest primarily in Specialty Credit Assets that are US- and European-based, although the Specialty Credit Funds may invest in non-US/European Specialty Credit Assets to the extent described in the relevant private offering memorandum. In general, the Specialty Credit Funds have broad and flexible investment authority that can allow them to capitalize on investment opportunities as they arise. The Specialty Credit Funds will seek to target Specialty Credit Assets that have high current cash flow with short repayment horizons that are attractive to third party lenders to provide asset-based financing which will permit the Specialty Credit Funds to optimize their risk/reward profile. The Specialty Credit Funds may also invest in assets with longer durations that typically will not have current cash flows where the General Partner believes such investments could create value for investors. As part of its risk protocols, the General Partner intends to diversify the Specialty Credit Funds' investments across a range of Specialty Credit Assets and sectors and to create a portfolio mix of shorter duration and longer tenor assets. See the applicable Specialty Credit Fund's private offering memorandum for more information.

A significant aspect of the Specialty Credit Funds' investment strategy is to finance the Specialty Credit Assets via investment banks, national banks, specialty credit providers and other sources of leverage ("Asset-Based Leverage"). In order to enhance the returns from a Specialty Credit Fund's investments in certain cases, the General Partner anticipates establishing Asset-Based Leverage in various forms and with terms (leverage amount, interest rate and commitment costs, covenants, and similar restrictions) tailored to the specific Specialty Credit Asset being financed.

There can be no assurance that the Specialty Credit Funds will be able to secure Asset-Based Leverage with respect to any particular Specialty Credit Fund investment, or that the terms of any Asset-Based Leverage that an Specialty Credit Fund can obtain will be on terms that the Specialty Credit Fund determines are favorable to its investors. Asset-Based Leverage will, in adverse economic or stressed asset performance scenarios, result in investors suffering larger losses than if the Specialty Credit Assets were not levered. The failure to obtain Asset-Based Leverage (or in certain cases taking on the liabilities associated with Asset-Based Leverage) with respect to the Specialty Credit Fund's Specialty Credit Assets could have a material adverse impact on the Specialty Credit Fund's returns. In general, the Specialty Credit Fund will seek non-recourse or limited-recourse Asset-Based Leverage, meaning that the leverage the Specialty Credit Fund may obtain with respect to a particular Specialty Credit Asset would be secured only by those specific Specialty Credit Assets and not by other assets of the Specialty Credit Fund. If the Specialty Credit Fund is unable to obtain such non-recourse or limited-recourse financing and has to provide collateral for leverage across multiple of its Specialty Credit Assets or resort to other forms of recourse financing, then the Specialty Credit Fund's returns may be negatively impacted. The terms of Asset-Based Leverage generally will require a Specialty Credit Fund to comply with complicated and frequently restrictive covenants that can be expected to limit the amount of free cash that the Specialty Credit Fund can distribute to investors or otherwise utilize for Specialty Credit Fund purposes. In addition, it is often costly to obtain Asset-Based Leverage due to the fees payable to the lenders and the costs and expenses typically incurred in transactions of this type; all of the foregoing fees, expenses and costs will be borne by the Specialty Credit Fund.

Specialty Credit Fund Investments

The Specialty Credit Funds may purchase, sell, hold, trade, structure, and restructure investments (whether now existing or created in the future). The Specialty Credit Funds' investments will typically have limited liquidity and extended holding periods, in contrast to broadly syndicated tradable securities and investments.

Investments may include mortgage-backed securities and other asset-backed securities; mortgages, whole loans, and other consumer, commercial, and/or asset-based receivables, leases and loans; bonds, notes, debentures, bills, and other forms of indebtedness or liability issued or incurred by corporations, sovereign nations, governmental agencies and instrumentalities, municipalities, or any other persons; bank notes, term loans, debtor-in-possession loans, revolving loans, bank guarantees, letters of credit, and other forms of lender assets or obligations; receivables; financial interests in settlements of legal disputes; assets with specified tax attributes; instruments having a value or return that is explicitly tied to the occurrence (or non-occurrence) of economic, political, legal, bankruptcy, default, and/or other events; swaps (including credit default, equity, interest rate, and currency swaps) and other derivative instruments; options, rights, warrants, convertible securities, exchangeable securities, participation instruments, and/or synthetic and/or structured products; common and preferred stock; futures (including equity futures), options on futures, and

forward contracts; real estate, easements, and other forms of real property-related instruments; currencies; cash and cash equivalents; money market instruments; limited partnership and other limited liability interests; interests in investment companies; interests in other portfolio funds (including those that charge a management fee, performance fee, incentive allocation or similar); and/or any other security, instrument, interest, or property selected by the General Partner and Moore Capital Management.

In addition, the Specialty Credit Funds' investments may include investments in private placements of debt and/or equity securities of private or public companies; private investments in companies that are in bankruptcy, are undergoing a financial restructuring, or are experiencing various other forms of distress or impairment; conversion of debt positions into equity positions in privately held companies; investments in companies that engage in real estate-related businesses, other lending businesses, and in other real estate-related assets or indebtedness; strategic business relationships with real estate-related businesses, lending businesses, or operating partners; and participations in company buy-outs.

The types of investments held, the percentage of the applicable market that such investments represent, the countries in which the issuers of such investments are located, and the concentration of particular investments and/or investment activities in the Specialty Credit Fund are likely to vary over time. The Specialty Credit Funds' investments may be traded on exchanges, "over-the-counter," or on any other markets, or may not be traded on any exchange or other market. A substantial portion (possibly all) of the Specialty Credit Funds' investments will be highly illiquid. The Specialty Credit Funds may establish buffers of cash or liquid instruments or from the capital commitments to support their activities, including in connection with investments, financing or hedging activities, or for Specialty Credit Fund expenses.

CERTAIN RISKS ASSOCIATED WITH THE SPECIALTY CREDIT FUNDS

Introduction

The following discussion does not purport to be an exhaustive explanation of all of the risks and significant considerations involved with an investment in a Specialty Credit Fund. Prospective investors must rely on their own examination of, and their own ability to evaluate, the nature of an investment in a Specialty Credit Fund, including all of the risks involved in making such an investment. Prospective investors are urged to read the relevant private offering memorandum in its entirety, and to consult with their own advisors and legal counsel before investing. All prospective investors will be asked to represent that they are investing in reliance on their own tax, legal, ERISA and financial advisors and not on any advice or recommendation of Moore Capital Management or the General Partner.

An investment in an Specialty Credit Fund involves a significant degree of risk, relating both to the types of investments contemplated by the Specialty Credit Fund as well as the Specialty Credit Fund's ability to achieve its investment objectives. Before investing, prospective investors should carefully consider the following risk factors, as well as the other information provided in the Specialty Credit Fund's private offering memorandum. There can be no assurance that a Specialty Credit Fund's investment objectives will be achieved or that an investor will receive a return of its capital. As such, an investor in a Specialty Credit Fund should have the ability to sustain the loss of its entire investment in the Specialty Credit Fund.

Each of the risk factors listed below, on its own, could have a material adverse effect on a Specialty Credit Fund. A Specialty Credit Fund's returns will be unpredictable. A prospective investor should only invest in an Specialty Credit Fund as part of an overall investment strategy and only if the investor is able to withstand a total loss of its investment in the Specialty Credit Fund. Prospective investors should not construe the performance of earlier investments by Moore Capital Management or any of the Other Funds managed by Moore Capital Management as providing any assurances regarding the future performance of the Specialty Credit Fund. The fact that any of the risk factors listed below failed to occur in the past, or occurred but did not have a material adverse effect on Moore Capital Management or any of the Other Funds managed by Moore Capital Management, should in no way be considered an indication that such risk factor(s) will not occur in the context of the Specialty Credit Fund or, if they occur, that they will not have a material adverse effect on the Specialty Credit Fund.

Investment Environment

Many factors affect the appeal and availability of investments that are the focus of the Specialty Credit Funds. The Specialty Credit Funds' investments could be materially adversely affected by instability in the United States or global financial markets, or changes in market, economic, political, technological, regulatory or social conditions, as well as by numerous other factors outside the control of either the General Partner or Moore Capital Management or their respective affiliates. Interest rates and general levels of economic activity may affect the value and number of investments made by the Specialty Credit Funds or considered for prospective investment. In addition, disruptions in the global debt markets may affect the price of, as well as the ability to make, certain types of investments. Such disruptions may have a direct or indirect negative effect on a wide range of issuers and may increase the likelihood that such issuers will be unable to make principal and interest payments on, or refinance, outstanding debt when due. Moreover, the risk that such disruptions will affect an issuer's ability to pay its debts and obligations when due is enhanced if such issuer in turn provides credit to third parties or otherwise participates in the credit markets. In the event of such defaults, the Specialty Credit Funds could lose both invested capital in, and anticipated profits from, any affected investments.

General Market and Economic Conditions

General economic conditions may affect a Fund's activities. Changing economic, political, regulatory or market conditions, interest rates, general levels of economic activity, the price of securities and debt instruments and participation by other investors in the financial markets may affect the value and number of investments made by the Fund or considered for prospective investment. The value of investments may fluctuate in accordance with changes in the financial condition of portfolio companies and other factors that affect the markets in which the Fund invests. Economic, political, regulatory or market developments can affect a single obligor, obligors within an industry, economic sector or geographic region, or the market as a whole. Different parts of the market and different types of investments can react differently to these developments. Every investment has some level of market volatility risk. Economic slowdowns or downturns could lead to financial losses in a Fund's investments. In addition, many portfolio companies may be similarly subject to the same economic conditions, which could adversely impact the ability to repay loans made by a Fund.

The recent outbreak of the novel coronavirus known as COVID-19 in many countries continues to adversely impact global commercial activity and has contributed to significant volatility in financial markets. The global impact of the outbreak has been rapidly evolving, and as cases of the virus have continued to be identified worldwide, many countries have reacted by instituting quarantines, restrictions on travel, bans on public events, bans on public gatherings, closures of a variety of venues (e.g., restaurants, concert halls, museums, theatres, schools and stadiums, non-essential stores, malls and other entertainment facilities) or shelter-in-place orders, which have had a substantial impact on the employees and owners of most businesses. There is substantial uncertainty of COVID-19's potential effect on various types of investments in which a Fund may invest, particularly where such investments relate to issuers that were already highly leveraged or distressed prior to such economic downturn, and their ability to make principal and interest payments on, or refinance, outstanding debt when due. In the event of any such consequences, the Fund could lose both invested capital in and anticipated profits from the affected investment. No previous success by Moore Capital Management or its affiliates in dislocated markets is any guarantee of a Fund's success in respect of investing and managing any investment during and after the COVID-19 pandemic.

Global Economic Risk

National and regional economies and financial markets are becoming increasingly interconnected, which increases the possibilities that conditions in one country, region or market might adversely impact issuers in a different country, region or market. Changes in legal, political, regulatory, tax and economic conditions may cause fluctuations in markets and securities prices around the world, which could negatively impact the value of a Fund's investments. For example, the United Kingdom's referendum decision to leave the European Union resulted in the depreciation in value of the British pound, short term declines in the stock markets and ongoing economic and political uncertainty concerning the consequences of the exit. Similar major economic or political disruptions, particularly in large economies like China's, may have global negative economic and market repercussions. Additionally, events such as war, terrorism, natural and environmental disasters and the spread of infectious illnesses or other public health emergencies may adversely affect the global economy and the markets and issuers in which a Fund invests. Recent examples of such events include the outbreak of COVID-19 that was first detected in China in December 2019 and heightened concerns regarding North Korea's nuclear weapons and long-range ballistic missile programs. These events could reduce consumer demand or economic output, result in market closure, travel restrictions or quarantines, and generally have a significant impact on the economy. These events could also impair the information technology and other operational systems upon which a Fund's service providers, including the investment adviser, rely, and could otherwise disrupt the ability of employees of a Fund's service providers to perform essential tasks on behalf of a Fund. Governmental and quasi-governmental authorities and regulators throughout the world have in the past responded to major economic disruptions with a variety of significant fiscal and monetary policy changes, including but not limited to, direct capital infusions into companies, new monetary programs and dramatically lower interest rates. An unexpected or quick reversal of these policies, or the ineffectiveness of these policies, could increase volatility in securities markets, which could adversely affect the Fund's investments.

Business and Catastrophic Risk.

The Funds are subject to the risk of loss arising from exposure incurred, indirectly, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events such as a pandemic.

Russian Invasion of Ukraine

There is currently an ongoing military conflict between Russia and Ukraine, which has caused disruption to global financial, trade and transportation systems. In response, the United States and multiple other countries have put in place sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. The extent and duration of the military action, resulting sanctions and resulting future market disruptions in the region and to the global economy are impossible to predict, but could be significant. Any disruptions caused by Russian military action or other actions (including cyberattacks and espionage) or resulting actual and threatened responses to such activity, including purchasing and financing restrictions, boycotts or changes in consumer or purchaser preferences, sanctions, tariffs or cyberattacks on the Russian government, Russian companies or Russian individuals, including politicians, could have a severe adverse effect on Russia and the European region, including significant negative impacts on the Russian economy, the European economy and the markets for certain securities and commodities, such as oil and natural gas, and will likely have collateral impacts on those sectors globally as well as other sectors. How long such military action and related events will last cannot be predicted. As a result, the conflict between Russia and Ukraine and related events present material uncertainty and may have a material adverse effect on a Fund's investments and the operations companies in which it invests. Additionally, to the extent that third parties, investors, or related customer bases have material operations or assets in Russia or Ukraine, they may experience adverse consequences related to the ongoing conflict.

Other Business Interruptions

Moore Capital Management's investment advisory activities and operations, or the activities and operations of its service providers or portfolio companies, could be interrupted or adversely affected by extraordinary events or emergency situations, including, without limitation, outbreaks of infectious diseases, epidemics or pandemics, war, terrorism, failure of technology, disasters, government macroeconomic policies, or social instability. In order to mitigate the effects of these types of events, we may activate our business continuity and disaster recovery plan. This plan may, for example, require our employees to work and access our information technology, communications or other systems remotely. The failure of these systems and/or disaster recovery plans for any reason could cause significant business interruptions in the operations of Moore Capital Management, its affiliates, the Funds and/or the Funds' portfolio companies.

Dependence on Internet and Other Services

The investment strategies that Moore Capital Management employs are highly dependent on information systems and technology. Any failure, breach or deterioration of these systems or technology due to human error, data transmission failures, hacking, cyberattacks, operational risks, or other causes could have a material adverse effect on the Funds' operations. A disaster or a disruption in the infrastructure that supports Moore Group's business, including a disruption involving electronic communications or other services that Moore Capital Management, or that third

parties with whom Moore Capital Management conducts business, use or directly affecting one of Moore Group's offices or facilities, may have a material adverse effect on Moore Capital Management's ability to continue to operate its business without interruption. Although Moore Capital Management has back-up facilities for its information systems as well as technology and business continuity programs in place, there can be no assurance that these will be sufficient to mitigate the harm that may result from such a disaster or infrastructure disruption. In addition, insurance and other safeguards might only partially mitigate the effects of such a disaster or disruption.

Moore Capital Management relies on third-party service providers for certain aspects of its business, including certain financial operations of the Funds. Any interruption or deterioration in the performance of these third parties could impair the quality of the Funds' operations and negatively impact the investment strategies that Moore Capital Management employs on the Funds' behalf.

Business and Regulatory Risks of Alternative Asset Funds and Fund Managers

Legal, tax and regulatory changes could occur that may adversely affect the Specialty Credit Funds at any time. The legal, tax and regulatory environment for funds that invest in alternative investments is evolving, and changes in the regulation and market perception of such funds, including changes to existing laws and regulations and increased criticism of the private equity and alternative asset industry by some politicians, regulators and market commentators, may adversely affect the ability of an Specialty Credit Fund to pursue its investment strategy, its ability to obtain leverage and financing and the value of its investments. In recent years, market disruptions and the dramatic increase in the capital allocated to alternative investment strategies have led to increased regulatory scrutiny of the alternative investment fund industry. Legislation requiring greater regulation of the industry has been adopted and additional legislation has periodically been proposed and is being considered, in the United States, the European Union and other jurisdictions. It is impossible to predict what additional changes may be instituted with respect to the regulations applicable to the Specialty Credit Funds, the General Partner, Moore Capital Management, the markets in which they trade and invest, the investors in the Specialty Credit Fund or the counterparties with which they do business, or what effect such legislation or regulations might have. There can be no assurance that an Specialty Credit Fund, the General Partner, Moore Capital Management or their respective affiliates will be able, for financial reasons or otherwise, to comply with future laws and regulations. Any regulations that restrict the ability of a Specialty Credit Fund to implement its investment strategy could have a material adverse impact on the Specialty Credit Fund's returns for investors or its ability to effectively achieve its investment objectives. To the extent that a Specialty Credit Fund or its investments are or may become subject to additional regulation in the United States, the European Union or other jurisdictions, the costs of compliance will be borne by the Specialty Credit Fund.

As a registered investment adviser, Moore Capital Management is required to comply with a variety of periodic reporting and compliance related obligations under applicable federal and state securities laws (including the obligation of Moore Capital Management and its affiliates to make regulatory filings with respect to the Funds and its activities). In light of the heightened regulatory environment in which Moore Capital Management operates and the ever increasing regulations applicable to private investment funds and their investment advisors, it has become increasingly expensive and time consuming for Moore Capital Management and its affiliates to comply with such regulatory reporting and compliance related obligations. Any further increases in the regulations applicable to

private investment funds generally or the Funds, Moore Capital Management or its affiliates in particular may result in increased expenses associated with the Funds' activities and additional resources of Moore Capital Management being devoted to such regulatory reporting and compliance related obligations, which may reduce overall returns for investors in the Funds or have an adverse effect on the ability of the Funds to effectively achieve their investment objectives.

The Dodd-Frank Act in particular has imposed and will impose increased recordkeeping and reporting obligations on the Specialty Credit Funds and Moore Capital Management. While the law provides some protections for the confidentiality of such information, no assurance can be given that the mandated disclosure of records or reports to the SEC, the CFTC or other government agencies will not have a significant negative impact on the Specialty Credit Funds, Moore Capital Management or any investor, even apart from the increased compliance, administrative, and other operational costs associated with these regulations. Increased reporting, registration and compliance requirements also may place the Specialty Credit Funds at a competitive disadvantage to the extent that Moore Capital Management or the Specialty Credit Funds' portfolio companies are required to disclose sensitive business information.

Furthermore, there is a possibility of future regulatory changes to securities and derivatives markets, which may alter, perhaps to a material extent, the nature of an investment in the Funds or the ability of the Funds to continue to implement their investment strategy. In addition, the SEC, CFTC and the exchanges are authorized to take extraordinary actions in the event of a market emergency, including, for example, the implementation or reduction of speculative position limits, the implementation of higher margin requirements, the establishment of daily price limits and the suspension of trading. The regulation of futures, options and swaps transactions in the U.S. is a rapidly changing area of law and is subject to modification by government and judicial action.

Finally, the SEC and various other U.S. federal, state and local agencies have been conducting inquiries into, and bringing enforcement and other proceedings regarding trading and other practices against, advisers, expert networks, industry and political consultants, sponsors and distributors of investment companies and investment funds, including the role of placement agents, finders and other similar private equity service providers in the context of investments by public pension plans and other similar entities. The Funds, Moore Capital Management, or their respective affiliates may receive requests for information or subpoenas from the SEC and other state, federal and non-U.S. regulators from time to time in connection with such inquiries and proceedings and otherwise in the ordinary course of business. These requests may relate to a broad range of matters, including specific practices of ours, the securities in which we invest on behalf of the Funds or industry-wide practices. The costs of any such increased reporting, registration and compliance requirements may be borne by the Funds and may furthermore place the Funds at a competitive disadvantage to the extent that we or issuers of investments are required to disclose sensitive business information.

AIFM Directive

We are prohibited from marketing a Fund in the European Economic Area ("EEA") except in compliance with certain provisions of the AIFM Directive (or unless permitted to do so under specific local private placement regimes in jurisdictions which have not yet implemented the AIFM Directive). This includes factors which are outside our control, such as relevant cooperation arrangements being in place between regulators in the Cayman Islands, the United States and the EEA country where a Fund may be marketed. If in the future a Fund does become subject to the full

provisions of the AIFM Directive, for example because the Fund is marketed in the EEA other than under private placement regimes, or because the Fund is managed, or is treated for the purposes of the AIFM Directive as managed, by an entity in the EEA, the consequences for the Fund would likely include additional costs and more burdensome operational and disclosure requirements. Our current intention is not to market the Funds to investors domiciled or with a registered office in an EEA state. This means that there is no current intention for there to be a direct or indirect offering or placement at the initiative of the AIFM or on behalf of the AIFM of Interests to investors domiciled, or with a registered office, in any EEA state.

CERTAIN RISKS RELATING TO INVESTMENTS IN FINANCIAL INSTRUMENTS

Asset-Backed Securities

The Specialty Credit Funds may invest directly or indirectly in asset-backed securities, which are structured securities collateralized or backed by another asset or assets, such as residential or commercial mortgages, home equity loans, auto loans, installment sale contracts, credit card and other consumer receivables, commercial loans, small business loans, corporate loans, aviation and other leases, lease financings, investment-grade or high yield debt, or, in some cases, other collateralized or asset-backed securities (collectively, “Asset-Backed Securities”). Asset-Backed Securities may include instruments such as collateralized mortgage obligations (residential mortgage-backed, commercial mortgage-backed), collateralized bond obligations, collateralized debt obligations, and collateralized loan obligations, and may include synthetic structures that are backed by derivative instruments instead of by the relevant loans, bonds, or other assets. Some Asset-Backed Securities, including interest-only and principal-only securities, may participate only in certain types of income streams generated by the underlying assets.

Asset-Backed Securities are often extremely complex, and their values and returns may be subject to significant fluctuations as a result of relatively small changes in interest rates; the rates of prepayments, defaults, or late payments with respect to the relevant underlying assets; or other factors. The value of an Asset-Backed Security is highly dependent upon the performance of its underlying assets and the expected quality of the underlying assets.

Substantial leverage may be inherent in the structure of some Asset-Backed Securities. Consequently, Asset-Backed Securities may present a greater degree of risk than other types of fixed income securities and may be more volatile, less liquid, and more difficult to price accurately than less complex securities. The Specialty Credit Funds may attempt to hedge against interest rate movements, prepayment risk, defaults, or other factors, but there can be no assurance that such hedging transactions, if any, would fully protect the Specialty Credit Funds against such risks.

Asset-Backed Securities are typically separated into tranches representing different degrees of credit quality, with lower-rated tranches being subordinate to senior tranches. Even though an asset supports the underlying loan (in a secured investment), full recovery of the loan in the event of default may not be possible due to litigation costs or delays, legal uncertainties, limited marketability or reduced valuations of the asset, among other factors. Any defaults may materially adversely affect any long positions the Specialty Credit Funds hold in Asset-Backed Securities. The quality of the Specialty Credit Funds’ investments in certain Asset-Backed Securities is subject to the accuracy and completeness of representations made by the underlying obligors. A Specialty Credit Fund is

subject to the risk that originators of certain Asset-Backed Securities fail to adequately verify such representations.

The Specialty Credit Funds may also, directly or indirectly, issue mortgage-backed and other Asset-Backed Securities collateralized by real property and/or other assets on both a secured and unsecured basis. Such Asset-Backed Securities generally would be for resale in the secondary market and may include collateralized mortgage obligations, real estate mortgage investment conduits, and collateralized debt obligations. In connection with any such issuance, it is possible that the Specialty Credit Funds would not be able to sell all or a portion of the tranches, whether debt or equity, and such tranches could be the first to bear any losses with respect to the underlying collateral. Issuing Asset-Backed Securities may not be feasible in the current market environment.

Mortgage-backed securities may be subject to risks similar to those applicable to investments in mortgage loans. In addition, certain types of mortgage-backed securities contain highly complex interest-rate and cash-flow provisions and may be highly volatile both with respect to yield, total return to maturity, and market value. If the Specialty Credit Funds continue to hold long mortgage-backed securities positions having underlying loans that are in default, the ultimate extent of the loss to the long position might be determined only after extended settlement negotiations, or after the foreclosure and subsequent liquidation of the underlying property.

Loans and Other Obligations

The Specialty Credit Funds will invest in various types of loans and pools of loans, such as residential or commercial mortgages, home equity loans, auto loans, installment sale contracts, credit card and other business and consumer receivables, commercial loans, small business loans, corporate loans, aviation loans, lease financings, and investment-grade or high yield debt (collectively, “Loans and Other Obligations”). These investments may be made on a secured or unsecured basis. Investments in secured Loans and Other Obligations are subject to the risk that some or all of the underlying collateral will decrease in value and become insufficient to satisfy the borrowers’ payment obligations in the event of a default. Investments in a large number of loans in a particular country or geographical region are subject to the risk of a general decline in values throughout such region or country, which may occur due to various economic, social, political and other factors.

The Specialty Credit Funds may invest in certain Loans and Other Obligations secured by a second priority interest or lien on collateral, but subordinated to other secured obligations. Such Loans and Other Obligations are subject to a risk that the cash flow of the related borrower and the collateral securing such a loan may be insufficient to make scheduled payments after giving effect to any obligations in respect of the senior secured loans of the borrower. In certain situations, no recovery may be available following a default. Such Loans and Other Obligations are also expected to be less liquid than senior secured loans. Such Loans and Other Obligations are intended to be senior in right of payment and priority to any unsecured obligations, but the priority of such Loans and Other Obligations could be challenged in bankruptcy court or otherwise. Any successful challenge could have a material adverse effect on the value of the applicable investment and/or the Specialty Credit Fund.

Certain Loans and Other Obligations may be subject to intercreditor arrangements, pursuant to which certain creditors agree to restrictions on their activities. Such restrictions may limit the ability of such creditors to exercise remedies against the collateral securing their loans, challenge the rights of

senior lenders, or exercise certain other rights. Such arrangements and requirements could hinder a Specialty Credit Fund from achieving a favorable outcome with respect to an investment.

The Specialty Credit Funds also may invest in various types of unsecured Loans and Other Obligations (such as senior unsecured, subordinated or general indebtedness) that would be junior in priority to the claims of secured creditors. The claims of secured or senior creditors may exhaust some or all of the assets of a borrower before unsecured, subordinated or general creditors may participate in such assets, which would materially adversely affect the value of the investment and/or the Specialty Credit Fund.

Measures taken to protect a Specialty Credit Fund's interests in Loans and Other Obligations may prove to be inadequate. There can be no assurance that any collateral will be sufficient to cover the obligations being collateralized or the amount of the Specialty Credit Fund's investment. Any collateral may decline in value, be subject to competing claims of creditors, be difficult to recover or sell due to legal, regulatory, or other reasons, or otherwise be inadequate to allow a Specialty Credit Fund to recoup its investment.

The quality of the Specialty Credit Funds' investments in Certain Loans and Other Obligations is subject to the accuracy and completeness of representations made by the underlying obligors. A Specialty Credit Fund is subject to the risk that originators of Loans and Other Obligations may fail to adequately verify representations made by the underlying obligors.

Unsecured Loans and Collateral Impairment

If a borrower defaults, a Specialty Credit Fund might not receive payments to which it is entitled and experience a decline in the value of its investment. If a Specialty Credit Fund invests in Loans and Other Obligations that are not secured by collateral, the Specialty Credit Fund will have only an unsecured claim against the borrower if the borrower defaults. In the case of Loans and Other Obligations that are secured by collateral, while Moore Capital Management generally expects the value of the collateral to be greater than the value of such secured loans, the value of the collateral may actually be equal to or less than the value of such loans or may decline below the outstanding amount of such loans subsequent to a Specialty Credit Fund's investment. A Specialty Credit Fund's ability to have access to the collateral may be limited by bankruptcy and other insolvency laws. There is no assurance that the liquidation of the collateral securing a Loan and Other Obligation would satisfy the borrower's obligation in the event of nonpayment of scheduled interest or principal, or that the collateral could be readily liquidated. As a result, there is a risk that a Specialty Credit Fund might not receive full payment on a secured Loan and Other Obligation investment and experience a decline in the value of, or a loss on, the investment.

Debt Securities

The Specialty Credit Funds may invest in Loans and Other Obligations that are unrated or low grade debt securities. The Specialty Credit Funds may invest in debt securities which rank junior to other outstanding securities and obligations of the issuer, all or a significant portion of which may be secured on substantially all of that issuer's assets. These types of debt securities are subject to greater risk of loss of principal and interest than higher-rated and comparable non-rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings or comparable non-rated securities if general economic conditions

deteriorate. Because investors generally perceive that there are greater risks associated with the lower-rated and comparable non-rated securities, the yields and prices of such securities may be more volatile than those for higher-rated and comparable non-rated securities. The market for lower-rated and comparable non-rated securities is thinner, often less liquid and less active than that for higher-rated or comparable non-rated securities, which can adversely affect the prices at which these securities can be sold and may make it difficult to sell such securities. Such debt securities may also not be protected by financial covenants or limitations on additional indebtedness.

Evaluating credit risk for non-U.S. debt securities involves greater uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. An economic downturn is likely to have a negative effect on the debt market as well as on the ability of borrowers, especially highly leveraged borrowers, to make principal and interest payments, meet projected business goals or obtain additional financing. If a borrower defaults on a loan held by a Specialty Credit Fund, the Specialty Credit Fund may incur additional expenses to seek recovery, and the possibility of any recovery may be subject to the expense and uncertainty of insolvency proceedings.

Equity Securities

Certain Specialty Credit Funds may make equity investments. In addition, when the Specialty Credit Funds invest in Loans and Other Obligations, the Funds may receive equity, convertible bonds, warrants or other equity-like instruments. The equity securities the Funds acquire may fail to appreciate and may decline in value or become worthless, and the Funds' ability to recover their investments will depend on the issuer's success. Investments in equity securities involve a number of significant risks. While there are many types of equity securities, prices of all equity securities will fluctuate. Any equity investment in an issuer could be subject to further dilution as a result of the issuance of additional equity interests and serious risks as a junior security that will be subordinate to all indebtedness (including trade creditors) or other senior securities in the event that the issuer is unable to meet its obligations or becomes subject to a bankruptcy process. To the extent that an issuer requires additional capital and is unable to obtain it, the Funds may not recover their investments. In some cases, equity securities in which the Funds invest will not pay current dividends, and the Funds' ability to realize a return on their investments, as well as to recover their investments, will be dependent on the success of the issuer.

Distressed Securities

The Specialty Credit Funds may take long and short positions in Loans and Other Obligations that are "distressed" securities, i.e., claims and obligations of domestic and non-U.S. entities which are experiencing significant financial or business difficulties. Investments may include loans, commercial paper, loan participations, trade claims held by trade or other creditors, stocks, partnership interests and similar financial instruments, executory contracts and options or participations therein not publicly traded. These investments may be in default.

Distressed securities may result in significant returns to the Specialty Credit Funds, but also involve a substantial degree of risk. A Specialty Credit Fund may lose a substantial portion or all of its investment in a distressed security or may be required to accept cash or securities with a value less than the Specialty Credit Fund's investment. It frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by laws

relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims.

The market prices of distressed securities are subject to abrupt and erratic changes and above average volatility, and the spread between the bid and asked prices of such instruments may be greater than normally expected. Investing in distressed securities sometimes will require involvement in litigation, which can be time-consuming and expensive and involve unpredicted delays or losses. Moreover, to the extent that a Specialty Credit Fund invests in distressed sovereign debt obligations, it will be subject to additional risks and considerations not present in private distressed securities, including the uncertainties involved in enforcing and collecting debt obligations against sovereign nations, which may be affected by world events, changes in U.S. foreign policy and laws and other factors outside of the control of the Moore Group.

Bank Loans and Participations

The Specialty Credit Funds may invest in Loans and Other Obligations that are bank loans and participations. These obligations are subject to unique risks, including (a) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws, (b) so-called lender-liability claims by the issuer of the obligations, (c) environmental liabilities that may arise with respect to collateral securing the obligations, and (d) limitations on the ability of a Specialty Credit Fund to directly enforce its rights with respect to participations. In analyzing each bank loan or participation, Moore Capital Management will compare the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks, absent certain conduct by the General Partner, Moore Capital Management, their respective affiliates and certain other individuals, will be borne by the Specialty Credit Fund.

The Second Circuit has held that a third party purchaser of a loan from a national bank does not enjoy the ability to "export" the interest rate of the originating bank, but rather is restricted to the usury rate of the state where the borrower resides. The court overturned the long standing "valid at inception" doctrine, which provides that a loan that is assigned to a non-bank party retains the legality it had when it was originated by a national or state-chartered bank. As a result an acquirer of a loan originated in the Second Circuit (New York, Connecticut, and Vermont) by a national bank may not be able to rely on the usury preemption that was originally available to the originating national bank in circumstances like those in the Second Circuit case.

Consumer and Other State Usury and Protection Laws related to Bank Loans

There is a risk that Loans and Other Obligations acquired by a Specialty Credit Fund could be deemed to be subject to state usury and consumer protection laws. Case law involving whether an originating lender or a third party servicer is the "true lender" is not well developed and courts have come to different conclusions and applied different analyses. If an originating lender is deemed not to be the "true lender," the non-bank lenders and third party service providers risk having the loans be subjected to a consumer's state usury and consumer protection laws. If a Specialty Credit Fund were deemed the true lender on a loan, additional state consumer protection laws would be applicable. Loans invested in by the Specialty Credit Funds could be deemed to be void and unenforceable in some states, the right to collect finance charges could be affected, and a Specialty Credit Fund could be subject to fines and penalties as well as claims by borrowers. The Specialty Credit Funds could

be required to change their business practices to comply with applicable state laws and regulations, cease doing business in some states, or register or obtain licenses or other regulatory approvals that could impose a substantial cost on the Specialty Credit Funds.

Consumer & Small Business Lending

The Specialty Credit Funds may operate in the consumer and small business lending markets. Such loans may be subject to consumer and small business credit as well as other protections under federal and state laws. In certain instances, a Specialty Credit Fund may invest in consumer or small business lending markets outside of the United States, including in the European Union and the United Kingdom. In those cases, other consumer finance and banking regulatory laws may be applicable. Compliance with these requirements is often costly and time-consuming. Any violation of applicable law could result in, among other things, damages, fines, penalties, litigation costs, investigation costs and even restrictions on the ability of the Specialty Credit Fund or its operating partners' ability to conduct business. The Specialty Credit Funds are particularly subject to the risk that activities of their operating partners may adversely affect the Specialty Credit Funds. A failure to exercise adequate oversight over operating partners, including compliance with service level agreements or regulatory or legal requirements, including with respect to licensing, could result in regulatory actions, fines, sanctions or economic or reputational harm.

Consumer and small business lending is also materially and adversely affected by delinquency, defaults in payments by borrowers, and extensive judicial processes enforcing the collection of payments, doubtful accounts or losses on receivables. Investment returns depend heavily on borrowers fulfilling their payment obligations in a timely and complete manner under the corresponding loan instruments. Furthermore, the actual rates of delinquency, collection proceedings and losses on receivables may vary and be affected by numerous factors which could have a material adverse effect on a Specialty Credit Fund.

The Specialty Credit Funds rely heavily on information provided by our operating partners as to the quality and status of their loan portfolios. A Specialty Credit Fund is subject to risks related to the accuracy and completeness of information about consumers and loan status from its operating partners. While the Specialty Credit Fund intends to conduct due diligence regarding the loan portfolio and information regarding borrowers, it may rely on its operating partners or be unable to identify inaccurate or fraudulent information provided either by borrowers or its operating partners.

The Specialty Credit Funds have access to certain personally-identifiable sensitive data of both investors and borrowers. Any accidental or willful security breaches or other unauthorized access of the Specialty Credit Fund or its operating partners could cause this confidential information to be stolen and used for criminal purposes. Security breaches or unauthorized access to confidential information could also expose the Specialty Credit Fund to liability related to the loss of the information, time-consuming and expensive litigation and negative publicity.

High Yield Securities

The Specialty Credit Funds may invest in Loans and Other Obligations that are "high yield" bonds and preferred securities which are rated in the lower rating categories by the various credit rating agencies (or in comparable non-rated securities). Securities in the lower rating categories are subject to greater risk of loss of principal and interest than higher-rated securities and are generally considered to be predominately speculative with respect to the issuers' capacity to pay interest and

repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with the lower-rated securities, the yields and prices of such securities may tend to fluctuate more than those of higher-rated securities. The market for lower-rated securities is thinner and less active than that for higher-rated securities, which can adversely affect the prices at which these securities can be sold. In addition, adverse publicity and investor perceptions about lower-rated securities, whether or not based on fundamental analysis, may contribute to a decrease in the value and liquidity of such lower-rated securities.

LIBOR (and EURIBOR) Reform

The London Interbank Offered Rate (“LIBOR”) is intended to represent the rate at which select international banks may obtain short-term Eurodollar deposits in the London interbank market. Many financial instruments use or may use a floating rate based on LIBOR and similar interbank offering rates (“IBOR”). Over the course of the last several years, global regulators have indicated an intent to phase out LIBOR and IBOR by December 31, 2021. Recently, following an industry consultation, ICE Benchmark Administration, the administrator of LIBOR, announced that it would cease publication of 1-week and 2-month U.S. dollar LIBOR settings at the end of December 2021 but extend publication of the remaining USD LIBOR settings (the overnight, 1-month, 3-month, 6-month and 12-month U.S. dollar LIBOR settings) to the end of June 2023. The UK’s Financial Conduct Authority similarly announced that all IBOR-based benchmarks would cease publication on the timetable announced by the ICE Benchmark Administration and fixed spread adjustments that will go into effect when the benchmark publication ceases. The extension of many of the IBOR-based benchmarks until the end of June 2023 is expected to allow time for contracts linked to the benchmarks to mature prior to cessation of publication.

As a result of the cessation of LIBOR, LIBOR or IBOR-based loans, notes and instruments comprising part of a Fund’s portfolio that continue to be outstanding after the cessation date for publication of the benchmarks will need to have an agreed-upon fallback rate. In addition, for new floating rate debt, alternative benchmarks will need to be developed. In order to address these two needs, public and private sector industry initiatives are currently underway to identify new or alternative reference rates to be used in place of LIBOR and IBOR.

In regard to replacement benchmarks, the Alternative Reference Rates Committee (“ARRC”), an industry committee established with encouragement of the Board of Governors of the Federal Reserve (“Federal Reserve Board”) and the Federal Reserve Bank of New York (“NY Federal Reserve Bank”), has recommended as a replacement benchmark the Secured Overnight Financing Rate (“SOFR”). New York State recently adopted legislation that provides that SOFR is the “recommended benchmark replacement” for LIBOR (subject to spread adjustments and other conforming changes made in accordance with recommendations from the Federal Reserve Board, the NY Federal Reserve Bank or the ARRC) and provides a statutory remedy for contracts that reference USD LIBOR as a benchmark interest rate but do not include effective fallback provisions in the event USD LIBOR is no longer published or is no longer representative.

The legislation also establishes a safe harbor from liability for the selection and use of a recommended benchmark replacement and further provides that a party to a contract shall be prohibited from declaring a breach or refusing to perform as a result of another party’s selection or use of a recommended benchmark replacement. The International Swaps and Derivatives

Association has adopted a protocol for industry participants based on SOFR. New York LIBOR legislation does not affect contracts governed by jurisdictions other than New York, and the parties to a contract governed by New York law remain free to agree to a fallback rate that is not based on SOFR.

The Funds continue to review these recommended replacement benchmarks as well as to review debt holdings to ensure that they have appropriate fallbacks if the debt is expected to mature after discontinuation of LIBOR. The lack of consensus around benchmarks to replace LIBOR as well as around fallback rates creates uncertainty regarding valuation of corporate or governmental debt, bank loans, derivatives and other instruments invested in by the Fund as well as loan facilities, if any, used by the Funds. In addition, there is no assurance that the composition or characteristics of any such alternative reference rate or fallback rates relied on in instruments outstanding after LIBOR ceases to be published will be similar to or produce the same value or economic equivalence as LIBOR or that they will have the same volume or liquidity as did LIBOR prior to its discontinuance or unavailability, which may affect the value or liquidity or return on certain of the Fund's investments.

Credit Ratings

The Specialty Credit Funds may invest in loans or certain other forms of indebtedness that receive ratings from Moody's, Standard & Poor's, Fitch, or another credit rating agency. No assurance can be given that ratings assigned by a credit rating agency will not be withdrawn or revised downward if, in the view of such credit rating agency, circumstances so warrant. Any such withdrawal or downward revision with respect to an investment could have a material adverse effect on such investment. Such ratings reflect only the views of those credit rating agencies, which views may prove inaccurate, and the Specialty Credit Funds are not obligated to obtain such ratings or to provide any such ratings to Investors.

Origination Activities

The Specialty Credit Funds may engage in the origination, modification and/or restructuring of debt and/or equity financing directly or in conjunction with or through another party. The Specialty Credit Funds may, for example, enter into ventures with loan originators or take equity stakes in such originators. If the Specialty Credit Funds engage in such activities, each will be subject to applicable laws in each jurisdiction in which such activities take place. Such laws are frequently highly complex and may include licensing requirements.

The Specialty Credit Funds have no experience in originating loans. The Specialty Credit Funds will be at a competitive disadvantage in the lending market compared to lenders that have greater infrastructure for, and experience in, generating and processing mortgage loan opportunities. The Specialty Credit Funds may compete for opportunities with public and private investment funds, commercial and investment banks, and commercial finance companies.

Many current and potential competitors in the debt and equity origination business are much larger than the Specialty Credit Funds and, accordingly, have far greater financial, technical, marketing and other resources. The Specialty Credit Funds will be subject to competition on interest rates and financing costs; origination standards; convenience; customer service; the size, term and seniority of financing arrangements; marketing and distribution channels, among other things. Price pressure from competitors may cause the Specialty Credit Funds to lower the interest rates that they charge borrowers, which may lower the value of the Specialty Credit Funds' loans. If competitors adopt less

stringent loan origination standards in order to maintain their loan origination volume, the Specialty Credit Funds may elect to do so as well. If the Specialty Credit Funds adopt less stringent loan origination standards, a Specialty Credit Fund will bear increased risk for each loan originated under such standards without a concomitant increase in price. However, if the Specialty Credit Funds do not adopt less stringent origination standards in a competitive environment, they could lose market share. Increased pressure on pricing and origination opportunities likely would reduce the volume and quality of the Specialty Credit Funds' origination activity and materially adversely affect the Specialty Credit Funds. Some competitors may have a lower cost of funds and access to more stable funding sources that are not available to the Specialty Credit Funds. These competitive pressures could have a material adverse effect on the Specialty Credit Funds.

Loans originated by a Specialty Credit Fund may not conform to the terms of, or use the forms generally found in or used for, loans that are pooled for resale to government-sponsored entities or institutions. An inability to sell loans to government-sponsored entities or to institutions could have a material adverse effect on the Specialty Credit Fund.

Loan origination activities rely significantly upon representations made by the borrower. There can be no assurance that such representations are accurate or complete, or that any due diligence by the General Partner or Moore Capital Management would identify any misrepresentation or omission. Any misrepresentation or omission by a borrower to which a Specialty Credit Fund originates a loan may adversely affect the valuation of the collateral underlying the loan, or may adversely affect the ability of a Specialty Credit Fund to perfect or foreclose on a lien on the collateral securing the loan, or may result in liability of such Specialty Credit Fund to a subsequent purchaser of the loan.

Under certain circumstances, payments to a Specialty Credit Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Derivative Instruments

The Specialty Credit Funds may trade all types of derivative instruments other than those subject to any applicable limitations imposed by regulations and/or by the Specialty Credit Funds' counterparties and clearing brokers. Derivative instruments are financial instruments that derive their performance, at least in part, from the performance of an underlying asset, index, interest rate or other reference instrument. Examples of derivative instruments include swaps, futures, forwards, options, warrants, options on futures, and swaptions.

Investments and trading in derivative instruments are generally highly speculative and involve various risks that are different in certain respects from, and are possibly greater than, the risks associated with investing directly in the applicable underlying assets or reference instruments. Examples of various risks associated with derivative instruments include market risk, complexity, a high degree of leverage, illiquidity, the absence of reliable price quotes and/or a reliable trading market, unstable correlation between a derivative instrument and the underlying asset or reference instrument, volatility, tax risk, government intervention to influence prices, legal or regulatory uncertainty, and non-performance of the Specialty Credit Funds' counterparties (including direct or central counterparties). Typically, investing in a derivative instrument requires the deposit or payment of an initial amount much smaller than the notional or nominal exposure amount from such derivative instrument. Therefore, if the relevant cash market moves against a Specialty Credit Fund,

the Specialty Credit Fund will suffer a larger loss than it would have by directly investing in the underlying security or other asset or index. A relatively small adverse market movement may result in a loss exceeding the original amount invested. See the relevant Specialty Credit Fund's private offering memorandum for a more detailed discussion of the risks associated with investments in derivative instruments.

Over-the-counter ("OTC") derivatives are also subject to the default and credit risk of the counterparty if they are not cleared through central counterparties ("CCPs"), while centrally cleared derivatives are subject to the credit risk of the CCP and the relevant futures commission merchant ("FCM") or other clearing broker. In addition, significant disparities may exist between "bid" and "ask" prices for derivative instruments that are traded over the counter and not on an exchange. While such OTC derivatives are and will be subject to increased regulation under the Dodd-Frank Act, the investor protections and other regulations applicable to such OTC derivatives differ from those applicable to futures and other exchange-traded instruments. In addition, compared with such exchange-traded instruments, the market for OTC derivatives is less liquid. (See "Counterparty Credit Risk" and "Counterparty, Settlement and Local Intermediary Risk" below.)

Trading derivative instruments might deprive a Fund of certain tax benefits obtained from trading the underlying assets or reference instruments and/or, with respect to over-the-counter derivative instruments, from trading exchange-traded instruments.

Trading in options or warrants involves a risk of loss related to the premium for the option or warrant as well as a risk of loss related to the value of the underlying security or instrument, which loss in either case could be substantial. The writing of an uncovered option by a Fund may result in an unlimited loss of the Fund's capital within a relatively short period of time.

Trading in futures contracts and options on such contracts may be subject to limitations imposed by regulatory authorities and relevant exchanges, which may prevent the Funds from liquidating positions and could subject a Fund to substantial losses. Many derivative instruments, including forward contracts and options on forward contracts, are not traded on exchanges and are generally not regulated.

The regulation of derivative instruments is evolving, and changes in such regulation may adversely affect the Funds. For example, several U.S. regulatory authorities have enacted or are considering rules for oversight and/or regulation of the previously largely unregulated market in over-the-counter derivatives.

Title VII of the Dodd-Frank Act has imposed and will impose mandatory clearing, exchange trading and margin requirements on many derivatives transactions. The Dodd Frank Act also creates new categories of regulated market participants, such as "swap dealers" ("SDs") and "security-based swap dealers" ("SBSDs") that are subject to significant new capital, registration, recordkeeping, reporting, disclosure, business conduct and other regulatory requirements, a large number of which have been implemented. While this regulatory framework has rendered the derivatives market safer, it has significantly increased the costs of entering into derivatives transactions for end-users of derivatives, such as the Funds. In particular, new margin requirements and capital charges, even when not directly applicable to the Funds, have increased and will further increase the pricing of derivatives transacted by the Funds. New exchange trading and trade reporting requirements and position limits may lead to changes in the liquidity of derivative transactions, or higher pricing or

reduced liquidity in the derivatives markets, or the reduction of arbitrage opportunities for the Funds. In addition, the federal banking agencies have jointly adopted regulations implementing the so-called “Volcker Rule”, which have impacted the private investment funds industry, either directly or indirectly.

In addition to U.S. laws and regulations relating to derivatives, certain non-U.S. regulatory authorities have passed or proposed, or may propose in the future, legislation similar to that imposed by the Dodd-Frank Act. For example, the European Union regulations on derivatives will impose position limits on commodity transactions, and the European Market Infrastructure Regulation (“EMIR”) already requires reporting of derivatives and various risk mitigation techniques to be applied to derivatives entered into by parties that are subject to the jurisdiction of EMIR. In the near future, certain entities, including private funds offered to investors domiciled in the European Union, will be subject to a mandatory clearing requirement with respect to certain of their OTC derivatives, as well as initial and variation margin requirements with respect to their non-cleared derivatives, under the regulations implementing EMIR. These European Union regulatory changes will impact a broad range of counterparties, both outside and within the European Union, and are expected to potentially increase the cost of transacting derivatives for the Funds (particularly with banks and other dealers directly subject to such regulations).

In addition, the tax environment for derivative instruments and funds is evolving, and changes in the taxation of derivative instruments or funds may adversely affect the value of certain derivatives contracts entered into by the Funds and the ability of the Funds to pursue their investment strategies. There can be no assurance that new legislation or regulation, including changes to existing laws and regulations, will not have a material negative impact on the Funds’ investment performance.

Illiquidity of Derivative Instruments

The Funds may enter into transactions involving privately negotiated, off-exchange derivative instruments, including OTC credit default swaps (“CDS”), total return swaps and other derivative instruments, which may expose the Funds to liquidity risk. There can be no assurance that a liquid secondary market will exist for any particular derivative instrument and any time, including for those derivative instruments that were originally categorized as liquid at the time they were acquired by a Fund. In volatile markets, a Fund may not be able to close out a position without incurring a significant amount of loss. Although OTC derivative instruments are designed to be tailored to meet particular financing needs and therefore typically provide more flexibility than exchange-traded products, the risk of illiquidity is also greater as these instruments can generally be closed out only by negotiation with the other party to the instrument. In addition, a Fund may not be able to convince its counterparty to consent to an early termination of an OTC derivative contract or may not be able to enter into an offsetting transaction to effectively unwind the transaction. Such OTC derivative contracts generally are not assignable except by agreement between the parties concerned, and a counterparty typically has no obligation to permit such assignments. Even if a Fund’s counterparty agrees to early termination of such OTC derivatives at any time, doing so may subject the Fund to certain early termination charges.

Prime Brokers

Securities and cash held in customers’ accounts at prime brokers that are U.S. registered broker-dealers will not be available to the non-customer creditors of the prime broker. Nonetheless, if the

prime broker becomes insolvent and there were not sufficient customer assets to pay all customers in full, then the securities and cash held in customers' accounts at the prime broker would be distributed pro rata among customers. Different results may occur in the event that a U.S. prime broker sub-custodies its assets with a foreign sub-custodian outside the United States. Different results, including loss of U.S. regulatory protections, also may occur in the event that the customer of a U.S. prime broker permitted the prime broker to (a) rehypothecate or lend its assets, or (b) transfer its assets to a prime broker or other entity that is not a U.S. registered broker-dealer. If assets are held by a prime broker that is not a U.S. registered broker-dealer, the U.S. regulatory protections do not apply. In certain jurisdictions, with authority from the customer, such assets may be borrowed, lent or otherwise used by the prime broker for its own purposes. In the event of the insolvency of the prime broker, customers may rank as unsecured creditors and may not be able to recover equivalent assets in full.

Counterparty, Settlement and Local Intermediary Risk

From time to time, certain securities markets have experienced operational clearance and settlement problems that have resulted in failed trades. These problems could cause the Specialty Credit Funds to miss attractive investment opportunities or result in the Specialty Credit Funds' liability to third parties by virtue of an inability to perform the Specialty Credit Funds' contractual obligation to deliver securities. Delays and inefficiencies of the local postal, transport and banking systems could result in the loss of investment opportunities, the loss of funds and exposure to currency fluctuations.

The Specialty Credit Funds may be exposed to credit risk with regard to parties with whom they trade and may also bear the risk of transfer, clearance or settlement default. Transactions entered into directly between two counterparties may expose the parties to the risk of counterparty defaults. Such risks may be exacerbated with respect to non-U.S. securities or transactions with non-U.S. counterparties.

When a Specialty Credit Fund places assets in the care of a custodian or is required to post margin or other collateral with a counterparty, the custodian or counterparty may fail to segregate such assets or collateral or may commingle them with its own assets or collateral. In the event of the bankruptcy or insolvency of such a custodian or counterparty, the Specialty Credit Fund's assets and collateral may be subject to the conflicting claims of the creditors of the custodian or counterparty. The collection, transfer and deposit of bearer securities and cash expose the Specialty Credit Funds to a variety of risks, including theft, loss and destruction. Finally, the Specialty Credit Funds will be dependent upon the general soundness of the banking systems of countries in which investments will be made.

Leverage

The Specialty Credit Funds may invest in companies whose capital structures may have significant leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of such investments will increase the exposure of the portfolio companies to adverse economic factors such as downturns in the economy or deterioration in the condition of the portfolio company or its industry. Additionally, the securities acquired by the Specialty Credit Funds may be the most junior in what will typically be a complex capital structure, and thus subject to the greatest risk of loss. Furthermore, the Specialty Credit Funds may engage in certain investment activities that involve the use of leverage, including through credit

default swaps or total return swaps. While leverage presents opportunities for increasing a Specialty Credit Fund's total return, it may potentially increase losses as well. Accordingly, any event that adversely affects the value of an investment by a Specialty Credit Fund would be magnified to the extent leverage is used. The cumulative effect of the use of leverage by a Specialty Credit Fund in a market that moves adversely to the Specialty Credit Fund's investments could result in a loss to the Specialty Credit Fund that would be greater than if leverage had not been used, including loss of the entire investment and also the possibility of loss exceeding the original amount of a particular investment. There are also financing costs associated with leverage, and each leveraged investment will involve interest rate risk to the extent that financing charges for such leveraged investment are based on a predetermined interest rate.

Lender Liability; Equitable Subordination; Fraudulent Conveyance

Investments structured as loans or other forms of indebtedness may subject a Specialty Credit Fund to claims of lender liability and/or may be subject to claims of equitable subordination or recharacterization. The risk of such claims may be exacerbated if a Specialty Credit Fund holds a significant equity position and/or certain management positions (including representation on the board of directors) with respect to the applicable borrower. Any successful claims of lender liability against a Specialty Credit Fund or any successful claims of equitable subordination or recharacterization with respect to any investment could have a material adverse effect on such investment (possibly resulting in losses that exceed the value of such investment) and on the Specialty Credit Fund.

Investments structured as loans or other forms of indebtedness may also be subject to claims of fraudulent conveyance. Upon making certain findings, a court could invalidate such indebtedness as a fraudulent conveyance or could impose other remedies, including recouping payments made by the lender with respect to the indebtedness. In addition, if a bankruptcy proceeding is commenced relating to a borrower with respect to an investment, payments made on such investment may be subject to avoidance as "preferential payments" if made within a certain period of time prior to the commencement of such proceeding and while the borrower was insolvent. Such payments may be recaptured from a Specialty Credit Fund, as the initial recipient, and/or from some or all of the Specialty Credit Fund's investors. Any claims of fraudulent conveyance or preferential payment with respect to an investment could have a material adverse effect on a Specialty Credit Fund, which could be required to return related payments.

Non-U.S. Investments

Investing in non-U.S. countries involves certain risks and special considerations not typically associated with investing in other more established economies or securities markets. Such risks may include (a) the risk of nationalization or expropriation of assets or confiscatory taxation; (b) social, economic and political uncertainty; (c) dependence on exports and the corresponding importance of international trade and commodities prices; (d) less liquidity of securities markets; (e) currency exchange rate fluctuations; (f) potentially higher rates of inflation (including hyperinflation); (g) controls on investment and limitations on repatriation of invested capital and the Specialty Credit Fund's ability to exchange local currencies for U.S. dollars; (h) government decisions to discontinue support for economic reform programs and imposition of centrally planned economies; (i) differences in auditing and financial reporting standards which may result in the unavailability of material information about economics and issuers; (j) less extensive regulatory oversight of securities

markets; *(k)* longer settlement periods for securities transactions; *(l)* less stringent laws regarding the fiduciary duties of officers and directors and protection of investors; *(m)* governmental and judicial corruption; and *(n)* certain consequences regarding the maintenance of securities and cash with non-U.S. brokers, sub-custodians and securities depositories.

Credit and Market Risks

The Specialty Credit Funds' investments in loans and other debt instruments will entail normal credit risks (e.g., the risk of non-payment of interest and principal) and market risks (e.g., the risk that certain market factors will cause the value of the instrument to decline). Loans and other debt instruments may be subject to fluctuations due to changes in an issuer's credit quality. In addition, because interest rates on certain loans only reset periodically and may not perfectly correlate with prevailing interest rates, during such time as the interest rate of a loan is fixed, such loan may be subject to the same fluctuations due to interest rate changes as fixed-rate obligations of similar duration. Also, a default on a loan that is held by a Specialty Credit Fund or a sudden and extreme increase in prevailing interest rates may cause a decline in the Specialty Credit Fund's asset value.

Counterparty Credit Risk

Bilateral and Non-Cleared Swaps

Where a Specialty Credit Fund enters into derivatives contracts that are not centrally cleared through a central clearing party, the Specialty Credit Fund is subject to the risk that a counterparty will not perform its obligations under such contracts, either 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 Specialty Credit Fund to suffer a loss. Such "counterparty risk" may be accentuated by the fact that the Specialty Credit Fund may concentrate its transactions with a single or small group of counterparties. In addition, in the case of a default, a Specialty Credit Fund could become subject to adverse market movements while replacement transactions are executed. A Specialty Credit Fund is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. Although certain of the swap counterparties may be entities that are rated by recognized rating agencies, the Specialty Credit Funds have no formal internal credit function that evaluates the creditworthiness of its swap counterparties. The ability of a Specialty Credit Fund to transact business with any one or number of counterparties, the possible lack of a meaningful and independent evaluation of such counterparties' financial capabilities, and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Specialty Credit Fund.

A Specialty Credit Fund may be required to post initial margin on its uncleared swaps and security-based swaps. The Specialty Credit Fund may request that the initial margin be segregated from the custodian's or counterparty's assets. If the Specialty Credit Fund does not request segregation of such initial margin, the custodian or counterparty may commingle such assets or collateral with its own assets. Even where the Specialty Credit Fund requests segregation of initial margin, the custodian or counterparty may fail to segregate it properly. In either case, the Specialty Credit Fund's assets and collateral may be subject to the conflicting claims of creditors of the custodian or counterparty, and the Specialty Credit Fund may be exposed to the risk of a court treating the Specialty Credit Fund as a general unsecured creditor of such custodian or counterparty.

Exchange-Traded and Cleared Swaps

The risks arising from non-cleared derivatives transactions differ materially from those entailed in transactions that are cleared through central clearing parties. Currently, the CFTC requires that certain interest rate swaps and index CDS be centrally cleared. The Specialty Credit Fund will have to post initial margin, and such initial margin will be held in segregated accounts under the CFTC rules. Segregation is intended to protect the initial margins of swap clearing customers from the claims of other creditors of a central clearing party or FCM. Even so, a Specialty Credit Fund will remain subject to a risk that it will not receive a complete return of such margin if the central clearing party or FCM becomes insolvent or bankrupt, and such segregation will not protect the Specialty Credit Fund from operational or fraud risk. Initial margin posted to a non-US central clearing party through a non-US clearing broker may not be segregated.

In addition, where a Specialty Credit Fund enters into certain swaps that are subject to mandatory clearing, it may be required to execute such swaps on a registered designated contract market or swap execution facility. In addition, certain foreign jurisdictions may impose their own clearing and trade execution requirements that could apply to the Specialty Credit Fund's transactions with non-U.S. counterparties. While the Specialty Credit Fund will benefit from reduced counterparty credit and operations risk and pricing transparency resulting from these clearing and trade execution requirements, the Specialty Credit Fund will incur additional costs in trading these swaps. While the Specialty Credit Fund will attempt to execute, clear and settle these transactions through entities the Moore Capital Management believes to be sound, there can be no assurance that a failure by any such entity will not lead to a loss to the Specialty Credit Fund.

Interest Rate Risk

A portion of the Specialty Credit Funds' assets may be invested in performing or non-performing fixed income assets. Unlike the value of non-performing debt instruments, the value of performing fixed income securities is likely to change inversely with changes in interest rates. Securitizations may have embedded interest rate risk because the value of a given tranche can be affected by interest rate changes, which can change the amount of expected cash flow for an asset that the Specialty Credit Fund holds. As interest rates rise, the market value of fixed income securities tends to decrease, and 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 General Partner 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 or derivatives. However, there can be no guarantee that the General Partner will be successful in fully mitigating the impact of interest rate changes.

Currency Exposure Risk

Investors' capital accounts will be denominated in U.S. dollars and distributions generally will be made in U.S. dollars. The Specialty Credit Funds may make certain investments denominated in currencies other than the U.S. dollar. By trading in foreign exchange and investing in derivative instruments relating to international securities and such securities themselves, the Specialty Credit Funds will have exposure to fluctuations in currency exchange rates. Changes in the rates of exchange between the U.S. dollar and other currencies will have an effect, which could be adverse, on the performance of the Specialty Credit Funds, amounts available for distribution by the Specialty

Credit Funds and the value of investments distributed by the Specialty Credit Funds. There is a risk that a particular non-U.S. country may impose exchange controls, devalue its currency or take other measures relating to its currency that could adversely affect the Specialty Credit Funds. The Specialty Credit Funds will incur costs in connection with conversions between various currencies. The Specialty Credit Funds may employ hedging techniques as a means to mitigate such currency exposure risk, however, there can be no assurance that such mechanisms will be successful.

Hedging Transactions

The Specialty Credit Funds may employ hedging techniques designed to protect the Specialty Credit Fund against adverse movements in currency, interest rates, commodity prices or other portfolio exposures. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks, and the markets in which hedging transactions are effected are volatile, and often specialized and technical. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of such portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus seeking to moderate the decline in the portfolio position's value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. In the event of an imperfect correlation between a position in a hedging instrument and the portfolio position that it is intended to protect, the desired protection may not be obtained, and a Specialty Credit Fund may be exposed to risk of loss. Thus, while a Specialty Credit Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, currency exchange rates or commodity prices may result in a poorer overall performance for the Specialty Credit Fund than if they had not entered into such hedging transactions.

CERTAIN RISKS RELATING TO INVESTMENTS IN ALTERNATIVE ASSET FUNDS

Private Investments generally

The Specialty Credit Funds may make private investments, including investments in private debt and equity instruments (stock, preferred securities and warrants, for example). Such investments generally are characterized by a high degree of illiquidity, frequently lasting several years and possibly indefinitely. The realization of a return, if any, on such an investment (other than amounts generated as current income) generally will occur only upon the partial or complete monetization of such investment, including by means of a dividend, distribution, recapitalization, initial public offering, sale or similar financial event. Contractual or legal restrictions may delay realization of such an investment beyond the occurrence of any such financial event. Investors must be prepared to bear the risks of a Specialty Credit Fund's participating in such investments for an extended and indefinite period of time.

A private investment may be difficult to value, particularly in the absence of a specific liquidity event, readily available comparable investments, or a material change in the company, industry or financial instruments associated with such investment.

The long time horizons of certain private investments may expose a Specialty Credit Fund to shifts in market, economic, political, technological, regulatory and/or social conditions to an unusual degree. Developments occurring after such an investment is acquired may fundamentally alter the anticipated market for such investment, preventing a Specialty Credit Fund from disposing of such

investment profitably or at all, or subjecting the Specialty Credit Fund to risk of a complete loss on such investment.

There is often little or no publicly available information about privately held companies or private debt or equity instruments, and any such company or issuer of such instruments may be subject to less rigorous internal financial controls and less rigorous financial reporting standards than a public company or issuer of public debt or equity instruments. Further, certain of the Specialty Credit Funds' investments may be in businesses or financial instruments that have limited transparency, and there can be no assurance that Moore Capital Management's investment decision will be based on all relevant information.

Moore Capital Management or its affiliates may become involved in the exercise of control of a particular privately held company, including by participating in boards of directors, equityholders' committees or other groups (whether formal or informal) and by being involved in litigation.

In connection with the disposition of an investment in a privately-held company, a Specialty Credit Fund may be required to make representations about the business and financial affairs of such company, may be responsible under applicable securities laws for the contents of certain disclosure documents and/or may be required to provide indemnification to the extent that any such representations or disclosure documents are inaccurate or misleading. These arrangements may result in contingent liabilities, which may ultimately have to be funded by the Specialty Credit Fund's investors.

Reliance on Operating Partners

While it is generally the intent of the General Partner to conduct business with operating partners, such as asset managers and leasing agents, with proven track records, there can be no assurance that such operating partners will continue to operate successfully. Although Moore Capital Management will monitor the performance of each operating partner with which a Specialty Credit Fund conducts business, the Specialty Credit Funds will rely upon such operating partners to conduct their own operations in a successful manner. In general all of the costs and expenses of a Specialty Credit Fund's operating partners (including any management fee or incentive or performance-based fee charged in respect of a Specialty Credit Fund investment) will be borne by the Specialty Credit Fund without any reduction of the General Partner's or Moore Capital Management's carried interest or management fee, respectively. For the avoidance of doubt, a Specialty Credit Fund's operating partners are, and will be, unaffiliated third-parties with whom the Specialty Credit Fund enters into business arrangements on an arms-length basis.

Competitive Nature of the Specialty Credit Funds' Business

The business of the Specialty Credit Funds is highly competitive. The success of the Specialty Credit Funds as a whole depends on the identification and availability of suitable investment opportunities. The availability of investment opportunities will be subject to market conditions and other factors outside the control of the Specialty Credit Fund. There can be no guarantee that the General Partner and/or Moore Capital Management will be able to identify investment opportunities for the Specialty Credit Funds, or that such investment opportunities will lead to completed investments by the Specialty Credit Funds. Moore Capital Management and the General Partner will be competing for investments against other groups, a number of which have recently raised or are raising credit opportunities funds to invest in debt securities under current market conditions. Other investors may

make competing offers for investment opportunities that are identified, and consummating a transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of Moore Capital Management or the General Partner.

Leverage; Ability to Obtain Leverage

The General Partner may use leverage to achieve a higher rate of return. While leverage presents opportunities for increasing a Specialty Credit Fund's total return, it may increase losses as well. Accordingly, any event that adversely affects the value of an investment by a Specialty Credit Fund would be magnified to the extent leverage is used. The cumulative effect of the use of leverage by a Specialty Credit Fund in a market that moves adversely to the Specialty Credit Fund's investments could result in a loss to the Specialty Credit Fund that would be greater than if the Specialty Credit Fund was not leveraged. If the Specialty Credit Fund was to default under a credit facility, the lenders under such credit facility could foreclose on the collateral and take possession of those assets pledged by the Specialty Credit Fund.

The use of margin creates additional risks to a Specialty Credit Fund. If the value of the Specialty Credit Fund's securities fell below the margin level required by a prime broker, additional margin deposits would be required. If the Specialty Credit Fund were unable to satisfy any margin call by a prime broker, the prime broker could liquidate the Specialty Credit Fund's position in some or all the financial instruments that are in the Specialty Credit Fund's account at the prime broker and cause the Specialty Credit Fund to incur significant losses. The failure to satisfy a margin call, or the occurrence of other material defaults under margin or other financing agreements, could trigger cross-defaults under the Specialty Credit Fund's agreements with other brokers, lenders, clearing firms or other counterparties, multiplying the adverse impact to the Specialty Credit Fund.

In the event of a sudden decrease in the value of the Specialty Credit Fund's assets, the Specialty Credit Fund might not be able to liquidate assets quickly enough to satisfy its margin requirements. In that event, the Specialty Credit Fund may become subject to claims of financial intermediaries that extended "margin" loans. Such claims could exceed the value of the assets of the Specialty Credit Fund. The banks and dealers that provide financing to the Specialty Credit Fund can apply essentially discretionary margin, haircut, financing and collateral valuation policies. Changes by banks and dealers in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices.

There can be no guarantee that a Specialty Credit Fund will be able to obtain appropriate amounts of leverage, or that leverage may be obtained on terms and pricing that the General Partner finds attractive. Should the appropriate amount of leverage not be obtained or used by the Specialty Credit Fund, the total returns for the Specialty Credit Fund may be lower than they would have been had such amount of leverage been used.

The Specialty Credit Funds may incur potentially significant expenses, including interest charges and commitment fees, in connection with any leverage that they use. In addition, the rights of any lenders to the Specialty Credit Funds to receive payments of interest or repayments of principal generally will be senior to those of the investors in the Specialty Credit Funds and the terms of any such borrowings may restrict certain activities of the Specialty Credit Funds, including the ability to make distributions.

The extent to which a Specialty Credit Fund uses leverage may have important consequences to the investors, including but not limited to, the following: (a) greater fluctuations in the net assets of the Specialty Credit Fund and/or losses on investments where the investment fails to earn a return that equals or exceeds the Specialty Credit Fund's cost of borrowing such funds; (b) use of cash flow for debt service, rather than for additional investments, distributions, or other purposes; (c) to the extent that Specialty Credit Fund revenues are required to meet principal payments, investors may be allocated income (and therefore tax liability) in excess of cash available for distribution; and (d) in certain circumstances the Specialty Credit Fund may be required to sell instruments prematurely to service its debt obligations. There can also be no assurance that a Specialty Credit Fund will have sufficient cash flow to meet its debt service obligations. As a result, the Specialty Credit Fund's exposure to losses may be increased due to illiquidity of its investments generally.

Potential Lack of Diversification

Except as described in the private offering memorandum of the relevant Specialty Credit Fund, the General Partner is not under any other obligation to diversify the Specialty Credit Fund's investments, whether by reference to the amount invested or the industries or geographical areas in which investments are made. Further, the Specialty Credit Fund's portfolio may not be diversified among a wide range of issuers. Unfavorable performance by any number of investments could substantially adversely affect the aggregate returns realized by investors and the Specialty Credit Fund's investments may be subject to more rapid change in value than would be the case if the Specialty Credit Fund was required to maintain a wide diversification. To the extent the Specialty Credit Funds invest a relatively high percentage of their assets in bank loans or other debt instruments of a limited number of borrowers, the Specialty Credit Funds will be more susceptible to the negative consequences of a single corporate, economic, political or regulatory event.

Investments Longer than Term

The Specialty Credit Funds may make investments that may not be advantageously disposed of prior to the date that a particular Specialty Credit Fund will be dissolved. Although the General Partner expects that investments will be disposed of prior to dissolution, the General Partner has a limited ability to extend the term of the Specialty Credit Fund, and the Specialty Credit Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

No Right to Control the Specialty Credit Fund's Operations

Investors in a Specialty Credit Fund will have no opportunity to control the day-to-day operation of the Specialty Credit Fund, including investment and disposition decisions. The General Partner will have sole and absolute discretion in structuring, negotiating and purchasing, financing and eventually divesting investments on behalf of the Specialty Credit Fund. Consequently, the investors in the Specialty Credit Fund will generally not be able to evaluate for themselves the merits of particular investments prior to the Specialty Credit Funds making such investments, nor will investors in the Specialty Credit Fund be entitled to participate in any manner in the decisions regarding refinancing or divestiture of any investments.

Consequences of Default

In the event that an investor in a Specialty Credit Fund fails to fund any portion of its capital commitment when due, such investor may forfeit a substantial portion of its interest and be subject to other default provisions under the applicable partnership agreement.

Recourse to a Specialty Credit Fund's Assets

A Specialty Credit Fund's assets, including any investments made by the Specialty Credit Fund and any funds held by the Specialty Credit Fund, may be used to satisfy any liabilities and other obligations of the Specialty Credit Fund. If the Specialty Credit Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Specialty Credit Fund's assets generally and may not be limited to any particular asset, such as the asset representing the investment giving rise to the liability.

Liability for the Return of Distributions

If a Specialty Credit Fund is otherwise unable to meet its obligations, investors may be obligated to return cash distributions previously received by them in accordance with the applicable partnership agreement.

Follow-On Investments

After the expiration of the investment period, the Specialty Credit Funds may make follow-on investments, which may be made in the same or a different class or type of assets as the related initial investment. Even if a Specialty Credit Fund desires to make such a follow-on investment, it is possible that the Specialty Credit Fund will have insufficient available capital to make such investment. Any decision by the General Partner not to make a follow-on investment or any inability by a Specialty Credit Fund to make such a follow-on investment could have a material adverse effect on an existing investment and the performance of the Specialty Credit Fund.

Illiquidity

Interests in a Specialty Credit Fund represent highly illiquid investments and should only be acquired by investors able to commit their funds for an indefinite period of time. The interests are subject to restrictions on transfer. The interests have not been and will not be registered under the Securities Act of 1933, the securities laws of any state, or the securities laws of any jurisdiction, and there will be no public market for the interests and none is expected to develop. An investor generally may not resell its interest without registration under the Securities Act and/or the applicable state laws and the consent of the Specialty Credit Fund. An investor generally may not withdraw any amount from the Specialty Credit Fund.

Third-Party Litigation

The Specialty Credit Funds' investment activities subject the Specialty Credit Funds to the risk of becoming involved in litigation by third parties. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would, absent certain conduct by the General Partner or Moore Capital Management, be borne by the Specialty Credit Fund, would reduce net assets and could require investors to return to the Specialty Credit Fund distributed capital

and earnings. Moore Capital Management, the General Partner and others are entitled to be indemnified by the Specialty Credit Funds in connection with such litigation, subject to certain limitations.

Tax Issues

The taxation of partnerships in the United States and in other jurisdictions, including jurisdictions in which the Specialty Credit Funds invest, is extremely complex, involving, among other things, significant issues as to the character, timing of realization and sourcing of gains and losses. Investors should read the applicable Specialty Credit Fund's private offering memorandum for more information, and consult their own tax advisors on the tax implications to them of investing in, holding and disposing of and receiving distributions in respect of an interest in a Specialty Credit Fund.

POTENTIAL CONFLICTS OF INTEREST

General

Potential investors in a Specialty Credit Fund should be aware that there will be situations where the General Partner, Moore Capital Management and their respective affiliates may encounter potential conflicts of interest in connection with the Specialty Credit Fund's investment activities. The following discussion details certain potential conflicts of interest that should be carefully considered before making an investment in a Specialty Credit Fund. By investing, each investor in a Specialty Credit Fund will be deemed to have acknowledged the existence of any such actual and potential conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest.

The General Partner has a fiduciary duty, as modified by the applicable Specialty Credit Fund's governing documents, to manage the Specialty Credit Fund in the best interests of its investors and will in good faith attempt to resolve potential conflicts of interest in a manner that it believes is in, or not opposed to, the best interests of the investors. No assurance can be given that such efforts will be successful. The Specialty Credit Fund will indemnify the General Partner, Moore Capital Management and their respective affiliates to the full extent set forth in the Specialty Credit Fund's governing documents. There may be occasions when Moore Capital Management, the General Partner or their affiliates will encounter conflicts of interest in connection with a Specialty Credit Fund's activities including, potentially, the allocation of investment opportunities. There can be no assurance that Moore Capital Management or the General Partner will resolve conflicts of interest in a manner that is favorable to a particular Specialty Credit Fund's investors.

Allocation of Investment Opportunities

Moore Capital Management manages, and in the future will continue to manage, Other Funds, as well as one or more separate accounts, managed accounts or similar arrangements, for the benefit of one or more specific investors (or related group of investors), that may have a partially overlapping investment strategy and focus to the Specialty Credit Fund. In addition, Mr. Siegel manages a portion of the capital in Other Funds managed by Moore Capital Management, with a strategy that, in general, focuses on liquid Asset-Backed Securities ("Liquid ABS"). Liquid ABS differ from the Asset-Backed Securities that a Specialty Credit Fund will trade primarily because Liquid ABS (a) are traded in the open-market, typically bearing CUSIP or ISIN identification numbers; (b) settle

through ordinary channels (*e.g.*, DTC and Euroclear); (c) are transacted with market-determined pricing and transparency; (d) do not require structuring and negotiation to transact; and (e) are generally held for short durations. Moore Capital Management has established a conflict resolution committee (the “Committee”) that will analyze each of the Specialty Credit Fund’s proposed investments before commitments are made in order to approve the allocation of the investment to the Specialty Credit Fund, on the one hand, and Mr. Siegel’s Liquid ABS trading, on the other hand. In addition to the foregoing differentiating factors, the Committee will approve the allocation of investment opportunities between a Specialty Credit Fund and Mr. Siegel’s Liquid ABS trading in a manner that the Committee determines to be fair and reasonable, taking into account, among other considerations, (i) the respective investment objectives of the Specialty Credit Fund and Mr. Siegel’s Liquid ABS trading, (ii) the particular information with respect to each investment presented to it by Mr. Siegel, (iii) the investment guidelines and limitations governing the Specialty Credit Fund and Mr. Siegel’s Liquid ABS trading, (iv) whether the investment opportunity is a Specialty Credit Fund follow-on investment, and (v) such other considerations reasonably deemed relevant by the Committee.

Moore Capital Management Serves as Investment Adviser to Other Funds

Moore Capital Management will also serve as investment adviser to Other Funds or separate accounts, and may also serve as investment adviser to future investment funds or separate accounts, in which the Specialty Credit Funds will have no interest; these funds and accounts may have investment objectives, programs, strategies and positions that are similar to or may conflict with those of the Specialty Credit Funds or may compete with, or have interests adverse to, the Specialty Credit Funds.

Moore Capital Management may give advice or take action with respect to the investments and transactions of Moore Capital Management’s Other Funds or separate accounts that may differ from the advice given or the timing or nature of any action taken with respect to transactions for the Specialty Credit Funds due to a variety of differences, such as regulatory and tax issues and differences in investment programs. Moore Capital Management and its affiliates and personnel, including Mr. Siegel and his investment team, will devote as much of their time to the activities of the Specialty Credit Funds as they deem necessary and appropriate. Moore Capital Management and its affiliates are not restricted from entering into other investment advisory relationships, or from engaging in other business activities, which may involve substantial time and resources of Moore Capital Management and its affiliates. These activities could be viewed as creating a conflict of interest because the time and effort of Moore Capital Management and its affiliates will not be devoted exclusively to the business of the Specialty Credit Funds, but will be allocated between the business of the Specialty Credit Funds, and the management of the monies of other clients of Moore Capital Management and its affiliates.

Investment Opportunities

It is not anticipated that the Specialty Credit Funds will make new investments following their respective investment periods, except to the extent described in the relevant private offering memoranda. A Specialty Credit Fund will remain actively engaged in the operation, maintenance and disposition of its existing investments until such time as its portfolio is liquidated, including without limitation, the repositioning, management, re-financing, recapitalization, marketing and sale of such existing investments, and entering into, amending or revising joint ventures with respect

thereto. Through the end of a Specialty Credit Fund's investment period, conflicts of interest may arise between Moore Capital Management and its affiliates and the Specialty Credit Fund in connection with the operation, maintenance and disposition of Moore Capital Management's and its affiliates' existing investments. Among other things, conflicts could arise if a Specialty Credit Fund and Moore Capital Management or its affiliates are both seeking to sell or otherwise dispose of similar investments within the same submarket, or if Moore Capital Management or its affiliates engage in transactions or enter into arrangements with third parties or affiliates in respect of the management, leasing, re-financing, recapitalization, marketing, repositioning or sale of its existing investments, which may restrict a Specialty Credit Fund from entering into similar transactions or arrangements with such parties or adversely affect the terms upon which the Specialty Credit Fund may do so.

Reliance on the General Partner and Certain Individuals

The success of the Specialty Credit Funds will depend on the ability of the General Partner and Moore Capital Management to identify and consummate suitable investments and to dispose of investments of the Specialty Credit Funds at a profit. The General Partner will rely on the skill and expertise of Moore Capital Management's investment professionals, in particular Erik Siegel, the Specialty Credit Fund's portfolio manager, and other employees of Moore Capital Management providing investment and other advice and services to the Specialty Credit Funds. There can be no assurance that Mr. Siegel, or other key investment professionals or persons, will continue to be associated with or available to the General Partner or Moore Capital Management throughout the life of the Specialty Credit Funds as they are under no contractual obligation to do so. The loss of the services of one or more of such persons could have a material adverse effect on the Specialty Credit Funds' ability to implement their investment strategy and achieve their investment objectives. New investment professionals may be added at any time by the General Partner in its sole discretion. Moreover, certain of Moore Capital Management's investment professionals are also responsible for investing and managing the capital of the Other Funds managed by Moore Capital Management, which require that Moore Capital Management's investment professionals devote considerable time to such Other Funds instead of the Specialty Credit Funds. The senior officers and other investment professionals, including Mr. Siegel, may form and manage other investment funds with similar or different investment strategies and may devote significant business time to other aspects of Moore Capital Management's business.

Adjustment of Contribution Amounts by Newly Admitted Limited Partners

In accordance with a Fund's Partnership Agreements, a Fund's general partner may be authorized to adjust the amount of the contribution required to be admitted as a limited partner of the Fund, subject to certain conditions. The existing investment in the Fund by Mr. Bacon and affiliates of Moore Capital management could be viewed as creating a conflict of interest with respect to the foregoing determination by the general partner because this determination affects the extent to which newly contributed equity investment dilutes existing investors with respect to the Fund's portfolio of investments. The general partner will in good faith attempt to resolve potential conflicts of interest in a manner that it believes is in the best interests of the limited partners.

Diverse Group of Investors

The Specialty Credit Funds' investors are expected to include taxable and tax-exempt persons and entities and may also include entities organized in various jurisdictions. Certain conflicts of interest may arise in connection with investment decisions that may be more beneficial for one type of investor than for another type. The General Partner and/or Moore Capital Management may make investments for a Specialty Credit Fund that may have a negative impact on other investments made by the investors in separate jurisdictions. In selecting investments appropriate for a Specialty Credit Fund, the General Partner will consider the investment objectives of the Specialty Credit Fund as a whole, and will not be required to consider the investment objectives of or tax consequences to any specific investor.

Co-Investment Opportunities

The Specialty Credit Funds may invest alongside strategic, financial or other third party co-investors. In addition, subject to the terms of the governing documents, the General Partner, in its sole discretion, may offer certain co-investment opportunities to strategic investors, lenders, one or more Specialty Credit Fund investors (including affiliates of the General Partner), or when appropriate, other third parties. Investing in a Specialty Credit Fund does not entitle any investor to allocations of any co-investment opportunities. The General Partner shall have no obligation to offer any such co-investment opportunities to the investors, and there can be no assurance that Moore Capital Management will be able to identify co-investors or that a particular co-investment opportunity will not be offered to third parties other than the Specialty Credit Funds' investors. A Specialty Credit Fund's ability to achieve certain co-investment objectives assumes that the General Partner will be able to identify such co-investors and to negotiate and execute mutually acceptable terms and conditions in respect thereof. Nothing herein constitutes a guarantee, prediction or projection of the availability of future co-investment opportunities.

Investments alongside co-investors or joint venture partners will involve additional risks which may not be present in investments which do not involve a co-investor, including the possibility that a co-investor may at any time have economic or business interests or goals that are not consistent with those of a Specialty Credit Fund, may be in a position to take action contrary to the Specialty Credit Fund's investment objectives, or may default on its obligations. In addition, under certain circumstances a Specialty Credit Fund may be liable for actions of its co-investors. While the General Partner intends to mitigate these risks contractually through co-investment agreements, there can be no assurance that it will be successful in doing so. The terms of any co-investment or joint venture opportunities may differ from those of the Specialty Credit Fund. Fees and expenses incurred in respect of any investment (and any transaction or other fee income earned in respect of any investment) will be allocated among the Specialty Credit Fund and any co-investors on the basis of capital committed by each to the relevant investment. All broken deal expenses will be borne solely by the Specialty Credit Fund.

Performance Allocations and Management Fee

The existence of the General Partner's carried interest in a Specialty Credit Fund may create an incentive for the General Partner to cause the Specialty Credit Funds to make investments that are more speculative than would otherwise be the case in the absence of such performance-based compensation. In addition, the method of calculating the carried interest may result in conflicts of

interest between the General Partner, on the one hand, and the investors, on the other hand, with respect to the management and disposition of investments, including the timing and sequence of such dispositions. Further, the manner in which management fees and/ or the carried interest are charged may create an incentive for Moore Capital Management to favor holding investments for long periods of time in order to increase the amount of management fee and/or the carried interest.

Offshore Specialty Credit Fund Transactions

It is anticipated that an onshore feeder Specialty Credit Fund make certain investments through additional vehicles, which would sell a portion of investments made in originated debt or debt-linked securities to vehicles of an offshore feeder Specialty Credit Fund that did not acquire such portfolio investments at issuance. In such situations, the onshore Specialty Credit Fund and offshore Specialty Credit Fund will have conflicting interests as to whether such portfolio investments will be transferred and at what price. The vehicles holding such portfolio investments will be under no obligation to sell, and the vehicles of the offshore Specialty Credit Fund will be under no obligation to purchase, such portfolio investments. Moore Capital Management will establish procedures with regard to the timing, pricing, and sale of such portfolio investments. In addition, an offshore Specialty Credit Fund will retain an independent third party to approve the purchase of such investments and the price at which such purchase will be consummated.

Limitation on Liability/Indemnification

Under the exculpatory provisions of the investment management agreements, Moore Group, its principals and affiliates, and their partners, directors, officers and employees are not liable to a Specialty Credit Fund or any of its investors except by reason of acts or omissions constituting willful malfeasance, gross negligence, and for not having acted in good faith in the reasonable belief that such actions were in, or not opposed to, the best interests of the Specialty Credit Fund.

Each Specialty Credit Fund has agreed to indemnify Moore Group, its principals and affiliates, and their partners directors, officers and employees against any loss, liability, damage, cost or expense resulting from any claim, action or proceeding relating to the business or activities undertaken by them on behalf of the Specialty Credit Fund or actions taken or omitted to be taken by Moore Group in its capacity as investment manager, provided that the conduct of such person did not constitute willful malfeasance or gross negligence and that the person acted in good faith and in a manner reasonably believed to be in, or not opposed to, the best interests of the Specialty Credit Fund.

Substantial Fees and Expenses.

Each Specialty Credit Fund's operating expenses, which include, among other items, trading and investment expenses, costs related to principal transactions, interest expense, dividend expense and dividend withholding, as well as administrative, legal and accounting expenses and the costs and expenses of the Specialty Credit Fund's operating partners, are expected to equal a substantial percentage of the Specialty Credit Fund's net assets each year. These expenses are in addition to the management fees and carried interest charged to a Specialty Credit Fund, and the amounts of each expense are reflected in the Specialty Credit Fund's annual report available from the Specialty Credit Fund's administrator.

Management of Proprietary Accounts by Moore Capital Management and Its Affiliates

We seek to provide fair and equitable treatment to all of customer accounts and have personal account dealing policies and procedures in place as well as other policies and procedures designed to minimize potential conflicts of interest. Nonetheless, the Moore Group may invest for their own accounts. When any of the Moore Group invests for their proprietary accounts, they may or may not invest in parallel with their customer accounts. In contrast to the Moore Group's customer accounts, any of the Moore Group at times may invest their proprietary accounts by employing different investment strategies, effecting a different number of contracts, utilizing a different degree of leverage, testing new markets, conducting experimental investments to test new methods or variations of basic investment methods and strategies, and by using markets which any of the Moore Group judge to be too illiquid or volatile for the investment of customer accounts. Moreover, any of the Moore Group at times may take positions in their proprietary accounts that are the same as or the opposite of those taken by the Moore Group on behalf of customer accounts, including the account of the Fund. Although the Moore Group does not seek preferential brokerage commission rates for its proprietary investments, it is possible that proprietary investments may be charged at brokerage commission rates that are lower than the rates that a Fund normally will be charged by its brokers. Portfolio managers that trade the proprietary accounts managed and/or controlled by Moore may trade the same or similar instruments as a Fund at or about the same time. For various reasons proprietary accounts may receive better prices than a Fund with respect to such instruments. In light of the foregoing, proprietary accounts may produce investment results that are different from those experienced by a Fund. Investors will not be permitted to inspect the proprietary investment records of the Moore Group due to the confidential nature of such records.

Accounts managed and/or controlled by Moore generally consist of the accounts of both customer and proprietary investment vehicles (i.e. vehicles in which the investors are members of the Moore Group and/or other related parties), including the Funds, but may include accounts for individual members of the Moore Group in the future. It is contemplated that the Moore Group will continue to have transparency into positions held by customer Funds and may choose to employ a similar strategy to that of customer Funds on behalf of other customer and/or proprietary accounts, and may also engage in similar or different hedging and/or portfolio adjustment trading on behalf of such accounts. This could lead to greater competition for positions, and may negatively impact a customer Fund's position liquidity or performance especially in less liquid markets. In particular, it is expected that certain proprietary accounts will make investments on a side-by-side basis with a customer Fund pursuant to the same investment strategy as the customer Fund (each such account, a "Side-by-Side Account"). It is the policy of the Moore Group to allocate investment opportunities fairly and equitably over time among its accounts based on various considerations, including, but not limited to: the investment programs, methods and/or strategies utilized on behalf of each account; differences in the size and uninvested capital of an account at the time an investment opportunity is available; liquidity factors; inflows and outflows of equity into each account; each account's risk parameters and any applicable regulatory limitations; the structure of an account and any tax considerations; differing areas of focus and/or specialties of portfolio managers; the timing in the placement of an order for an account; differences in executing brokers; and other factors determined to be relevant to the fair allocation of the investment opportunity. The primary factors impacting allocation decisions between the Funds and other accounts are expected to be liquidity and the timing of inflows and outflows of capital. Such considerations may result in different allocations among accounts and may result in allocations among the Funds and any Side-by-Side Account being made on other than a *pari passu* basis. As such, when the Moore Group

uses the same strategy for multiple accounts, including the Funds and a Side-by-Side Account, such accounts may nonetheless engage in different investment activities and yield different results based on factors such as those listed above as well as hedging and/or portfolio adjustment trading undertaken in one account and not the other.

As noted above, members of the Moore Group and/or other related parties may invest (as individuals or through other investment vehicles managed by Moore) in the Funds and/or the investment vehicles through which the Funds effect their investment strategies. Members of the Moore Group and/or other related parties may subscribe and/or redeem more frequently than other Shareholders. In addition, investors related to the Moore Group may be subject to different terms, including more favorable fee and liquidity terms than other Shareholders. A number of conflicts of interest may arise as a result. If a Moore Group related investor makes an investment in a Fund or any of its investment vehicles before another investor makes an investment in the Fund, there may be less capacity remaining in the Fund structure for additional investment by other investors. Furthermore, to the extent a Moore Group related investor is permitted to invest in and/or redeem from a Fund or any of its investment vehicles more frequently than other Shareholders, such person may realize profits from its investment at a time when another Shareholder does not. Finally, since investments by investors related to the Moore Group may bear reduced advisory fees, such persons could realize profits from their investment when a Shareholder does not. Finally, Moore Group investors will have greater transparency into the portfolio than other Shareholders.

Resolution of Conflicts

In the event that any matter arises that the General Partner determines in its good faith judgment to constitute an actual conflict of interest between the Specialty Credit Fund and the General Partner or its affiliates, the General Partner may take such actions as may be necessary or appropriate to ameliorate the conflict (and upon taking such actions the General Partner will be relieved of any responsibility for the conflict of interests). These actions may include disposing of the asset held by the Specialty Credit Funds giving rise to the conflict of interest or appointing an independent fiduciary.

Cyber-Security

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. As part of our business, we (and our affiliates) process, store and transmit large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of their investors. Similarly, our and the Funds' service providers may process, store and transmit such information, including the administrator. We and our affiliates do not control the cyber security plans and systems put in place by third party service providers, and such third party service providers may have limited indemnification obligations to us or the Funds. Service providers may also maintain employees, contractors or operations in countries that have been sanctioned by the United States Government or other governments, and may, as a result, have their services or operations disrupted. The Funds could be negatively impacted as a result of such arrangements.

Although we have procedures and systems in place that we believe are reasonably designed to protect such information and prevent data loss and security breaches, such measures cannot provide absolute security. Our information and technology systems may be vulnerable to damage or interruption from

computer viruses or other malicious codes, network failures, computer and telecommunication failures, infiltration by unauthorized persons, and security breaches, government surveillance, usage errors by their respective professionals, defects in design or manufacture, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, typhoons, earthquakes, wars, terrorist attacks and other similar events. If unauthorized parties gain access to such information and technology systems, they may be able to steal, publish, delete or modify private and sensitive information, including nonpublic personal information related to investors (and their beneficial owners) and material nonpublic information.

Measures designed to manage risks relating to these types of events cannot provide absolute security and could prove to be inadequate and, if compromised, could become inoperable for extended periods of time, cease to function properly or fail to adequately secure private information. The techniques used to obtain unauthorized access to data, disable or degrade service or sabotage systems change frequently and may be difficult to detect for long periods of time. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, we may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in our and/or the Funds' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors), material nonpublic information and intellectual property and trade secrets and other sensitive information in our possession.

A cybersecurity incident could have numerous material adverse effects, including on the operations, liquidity and financial condition of the Funds. Breach of our information systems may cause information relating to the transactions of the Funds and personally identifiable information of the investors to be lost or improperly accessed, used or disclosed. Cyber threats and/or incidents could cause financial costs from the theft of Fund assets (including proprietary information and intellectual property) as well as numerous unforeseen costs including, but not limited to: litigation costs, preventative and protective costs, remediation costs and costs associated with reputational damage, any one of which could be materially adverse to the Fund. Such a failure could harm our and/or the Funds' reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance. Any of the foregoing events could have a material adverse effect on the Funds and the investors' investments therein.

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

In addition to risks to the Funds, investors are advised to ensure communication methods with their Fund's general partner, Moore Capital Management and its affiliates, the administrator and any financial advisers or any other parties associated with their investment in a Fund are secure so as to prevent fraudulent change of details or other fraudulent requests and communications from being submitted through, for example, their email accounts.

Risk Management

The Specialty Credit Funds' success depends to a large degree on its ability to successfully implement robust risk metrics tools and other capabilities and then to utilize these in managing the Specialty Credit Funds' portfolios. Moore Capital Management has established risk management processes that are intended to identify, measure and monitor certain risks associated with the Specialty Credit Funds' investment activities. Moore Capital Management and the General Partner will use risk management processes to help them make investment decisions and to identify certain risk exposures that they may choose to hedge or otherwise mitigate. However, these risk management processes may fail to identify or anticipate a wide variety of risks that may materially adversely affect the Specialty Credit Funds, potentially exposing the Specialty Credit Funds to material unanticipated losses.

Item 9 - Disciplinary Information

Not applicable.

Item 10 - Other Financial Industry Activities and Affiliations

In light of internal Moore Group restructuring, many Moore Capital Management employees are now employed by its affiliate Moore Capital Management, LLC ("MCM LLC"). MCM LLC provides services to Moore Capital Management.

In addition to serving as the Specialty Credit Funds' investment adviser, Moore Capital Management serves as their commodity trading advisor. Moore Capital Management also serves as investment adviser and commodity trading advisor to the Other Funds. In addition, Mr. Bacon is a registered commodity trading advisor, and certain of our management persons are registered as associated persons or listed as principals of Moore Capital Management and/or one or more of the affiliated commodity trading advisors or commodity pool operators listed below.

Moore ABS Fund GP, LP is an affiliate of Moore Capital Management. It serves as General Partner for one of the Specialty Credit Funds and receives any carried interest distributed by such Specialty Credit Funds.

Moore SC Fund GP II, LP is an affiliate of Moore Capital Management. It serves as General Partner for one of the Specialty Credit Funds and receives any carried interest distributed by such Specialty Credit Fund.

Certain of Moore Group's related persons are registered commodity pool operators and/or commodity trading advisors for certain Other Funds managed by Moore Capital Management. These entities are the following:

- Moore Capital Advisors, L.L.C. ("MCA"), the general partner of Moore Capital Management, is a registered commodity pool operator for certain Other Funds.
- Moore Financial Services, Inc., a related person of Moore Group, is a registered commodity pool operator for certain Other Funds.

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

General. Moore Group seeks to provide fair and equitable treatment to all of its Funds and, as described below, has personal account dealing policies and procedures in place as well as other policies and procedures designed to minimize potential conflicts of interest. Nonetheless, Moore Group and its affiliates and their principals and employees (collectively, the “Moore Group Parties”) may invest for their own accounts. When any of the Moore Group Parties invests for their proprietary accounts, they may or may not invest in parallel with the Funds. Any of the Moore Group Parties at times may invest their proprietary accounts by employing different investment strategies, investing in private equities, effecting a different number of contracts, utilizing a different degree of leverage, testing new markets, conducting experimental investments to test new methods or variations of basic investment methods and strategies, and by using markets which any of the Moore Group Parties judge to be too illiquid or volatile for investment by the Funds. Moreover, any of the Moore Group Parties at times may take positions in their proprietary accounts that are the same as or the opposite of those taken by the Moore Group on behalf of the Funds, including the account of a Specialty Credit Fund.

When any of the Moore Group Parties place the same or similar orders at or about the same time for the Funds and proprietary accounts, Fund orders generally will be filled first, except for Side by Side Accounts. The difference in timing of orders, however, may result in some accounts, including proprietary accounts, receiving better prices than other accounts. Although the Moore Group Parties do not seek preferential brokerage commission rates for proprietary investments, it is possible that proprietary investments may be charged brokerage commission rates that are lower than the rates that the Funds normally will be charged by their brokers. In light of the foregoing, proprietary accounts may produce investment results that are different from those experienced by the Funds.

Code of Ethics. Moore Group has adopted a Code of Ethics and Conflicts of Interest Policy which states that each of our employees shall place the interests of the Funds first. Employees are permitted to invest in securities and other investment products for their own accounts, but may not use their knowledge of the Funds’ portfolio transactions to benefit themselves.

We do not impose a set limit on the amount of trading employees may conduct for their own accounts, but we require employees to refrain from excessive trading. Employees are required to hold personal investments for a minimum of thirty calendar days, subject to certain limited exceptions.

Our Code of Ethics requires employees to disclose all personal investments upon hire and at least annually thereafter, report all personal securities transactions at least quarterly, disclose all personal investment accounts, and maintain their personal investment accounts with designated broker-dealer firms. Exceptions may be made for accounts for which the employee does not maintain investment control or participate in the investment decisions. Employees generally must arrange for their brokers to send us duplicate trade confirmations and account statements for their transactions, and must separately report on a quarterly basis any transaction for which a duplicate confirmation was not sent, or which does not appear on an account statement.

Employees’ personal securities transactions generally must be approved in advance, subject to certain limited exceptions. Employees are prohibited from acquiring any securities in an initial public offering, while securities may be acquired in a secondary public offering with prior approval. Employees must obtain prior approval before acquiring any security in a private placement or investing in a private investment fund.

Our Code of Ethics requires employees to obtain prior approval to engage in certain outside business activities (such as serving as a director of a company). The Code of Ethics also prohibits employees from accepting gifts of material value from vendors, service providers, and counterparties. Employees are allowed to participate in customary business entertainment with broker-dealers, counterparties, and other persons with whom Moore Group, its affiliates or the Funds do business. Participation in such events may be viewed as causing a conflict of interest for Moore Group in selecting broker-dealers or other service providers. However, our Code of Ethics requires employees to comply with certain requirements which are intended to protect against such conflicts.

Existing or prospective clients may obtain a copy of Moore Group's Code of Ethics upon written request directed to Chief Compliance Officer, Moore Capital Management, LP, 11 Times Square, New York, NY 10036.

Item 12 - Brokerage Practices

Moore Group has complete discretion to determine, subject to each Specialty Credit Fund's disclosed investment objectives, policies and strategies, the securities to be purchased or sold and in what amounts, the broker-dealers and other financial intermediaries to use in effecting transactions for the Specialty Credit Funds, and the commission rates to be paid for such transactions. A more detailed discussion of how we make use of this authority follows.

Brokerage Transactions and Use of Soft Dollars. Moore Group is solely responsible for selecting the commodities and securities broker or dealer used in each transaction that we institute for a Specialty Credit Fund and negotiating the fees to be paid by the Specialty Credit Fund to the broker-dealer in connection with such transactions. Consistent with Moore's objective to obtain efficient executions, Moore Group considers the following factors generally in seeking best execution for transactions: research provided, market liquidity, order size, the trading characteristics of the security involved, the trader's familiarity with the security, the difficulty of executing the trade, the ability of the broker to provide efficient execution at a favorable price, and the general record of the broker for prompt, competent, and reliable service in all aspects of order processing, execution, and settlement.

In allocating a Specialty Credit Fund's portfolio transactions to broker-dealers, Moore Group may consider placing orders with broker-dealers who, among other things, provide or pay for research and brokerage services (including, but not limited to, written information and analyses concerning specific security or commodity interests, issuers or sectors; market, financial or economic data, studies or forecasts; financial publications that are not mass-marketed; statistics or pricing services, as well as discussions with research personnel; software; clearance, settlement and short-term custody services; communication services related to the execution, clearing and settlement of securities transactions; and consulting services utilized in connection with investment strategy) in consideration of commissions, fees, charges or other remuneration arising from the Specialty Credit portfolio transactions. Accordingly, a Specialty Credit Fund may be deemed to be paying for research and brokerage services with "soft" or "client commission" dollars or credits, through commission sharing agreements, or otherwise.

Moore Group intends that its brokerage allocation practices and policies (including arrangements whereby brokers provide research and/or brokerage services to us for soft dollars) will satisfy the conditions and requirements necessary to fall within the safe harbor created by Section 28(e) of the

Securities Exchange Act of 1934, as amended, which confers certain protections on money managers who use portfolio commissions from their customers' accounts to obtain research and brokerage services. The safe harbor provides that certain conduct is not deemed a violation of law or a breach of fiduciary duty, for example, and relieves a money manager from the obligation of justifying commission payments for research and brokerage services on an account- by-account basis.

Each investor, by signing a Specialty Credit Fund's subscription agreement, consents to our obtaining such research and brokerage services from brokers in consideration of commissions, fees, charges or other remuneration generated by the execution of the Fund's portfolio transactions. Moore Group may use such research and brokerage services in connection with the management of any or all of the accounts that it manages, including the Other Funds, and its own proprietary investment activities. Obtaining research from brokers with commissions involves a conflict of interest in that we may have an incentive to cause the Specialty Credit Funds to trade with certain brokers in order to obtain such research so that the Specialty Credit Funds pay for the research, rather than us. In addition, executing trades with certain brokers in order to obtain research may conflict with our duty to seek best execution. We have adopted procedures intended to ensure that we use soft dollars to obtain research and brokerage services in accordance with applicable law.

Aggregating Orders. Moore Capital Management expects that transactions will be separately effected for each Fund. However, if a portfolio manager deems an investment in a security, future or currency to be appropriate for more than one Fund over which he or she exercises trading authority, we may aggregate the orders into a single bulk order, provided that the aggregation of the order is consistent with seeking best execution.

Allocation of Investments (including New Issues). Please see the section entitled "Allocation of Investment Opportunities" under Item 8, above. It is expected that the Specialty Credit Funds will not invest in new issues, including initial public offerings.

Item 13 - Review of Accounts

Moore Capital Management monitors and reviews each Specialty Credit Fund continuously. Numerous groups are involved in this process. These groups, include but are not limited to: our portfolio managers, who monitor and review positions and risk on a daily basis; our Daily Valuation Group, whose work supports our senior management and portfolio managers in trading and risk management decisions; our Operations Department, which is responsible for trade support (matching and validation), confirmations, settlements, and position reconciliation on a daily basis; our Treasury Group, which is responsible for daily cash and liquidity management, collateral management, and other matters; our Financial Reporting Group, which is responsible for allocating profits and losses among the Specialty Credit Funds, and calculating and accruing the management fees and carried interest, among other things; and our Legal and Compliance Group, whose work supports the investment management personnel and monitors regulatory risks, among other things.

Each investor in a Specialty Credit Fund will receive annual audited financial statements of the feeder fund in which it has an interest, as well as its underlying master funds, and quarterly progress reports on each investment of the Specialty Credit Funds. U.S. federal income tax information will be provided annually. In addition, the Specialty Credit Funds will hold annual meetings to provide investors with the opportunity to review and discuss with Moore Capital Management personnel the Specialty Credit Funds' investment activities and portfolio.

Item 14 - Client Referrals and Other Compensation

Our Code of Ethics and Conflicts of Interest Policy generally prohibits employees from accepting gifts, favors or other inducements from counterparties or service providers, excepting certain common business courtesies.

Moore Group does not compensate any person for referrals of clients. However, we pay cash compensation to certain financial intermediaries that, acting as placement agents for certain Funds, solicit investors on behalf of those Funds. Each arrangement is subject to a written agreement between Moore Group and the intermediary, and provides for us to pay to the intermediary a fee, which may vary on a case by case basis.

Item 15 - Custody

The Specialty Credit Funds' funds and securities are held by qualified custodians. As noted in Item 13, above, Specialty Credit Fund investors receive annual financial statements audited by an independent public accounting firm for the Specialty Credit Funds in which they have invested.

Item 16 - Investment Discretion

Moore Group exercises discretion in managing the investments of each Specialty Credit Fund, based on the Specialty Credit Fund's particular investment objectives, policies and strategies disclosed in its private offering documents. For more information, please see Item 4, above.

Item 17 - Voting Client Securities

Moore Group has adopted written Proxy Voting Policies and Procedures intended to satisfy the requirements of Rule 206(4)-6 under the Investment Advisers Act of 1940. Following is a summary of the major provisions:

Moore Group is responsible for voting all proxies relating to securities held by the Specialty Credit Funds;

In deciding how to vote a proxy, we attempt to consider all factors that could affect the value of the investment and will try to enhance the value of the affected Specialty Credit Fund's portfolio by voting each proxy in a manner intended to maximize the company's stock price;

We have retained Institutional Shareholder Services ("ISS"), an independent expert on proxy voting and corporate governance, in order to facilitate the proxy voting process and avoid conflicts of interest that may arise;

We generally will vote proxies in a manner consistent with ISS's policy guidelines and proxy voting recommendations, except as specifically provided in our Proxy Voting Policies and Procedures. If a portfolio manager wants to have a proxy voted contrary to ISS's recommendation, Compliance approval is required;

In cases where ISS is unable to make a voting recommendation, our Chief Compliance Officer will evaluate the proxy to determine whether we have a material conflict of interest relating to the vote. If the Chief Compliance Officer determines that there is no material conflict of

interest, we will vote in the best interest of the affected Specialty Credit Fund. In cases where we have a material conflict of interest, we follow procedures intended to provide reasonable assurance that it will vote in the best interests of the affected Specialty Credit Fund; and

The Specialty Credit Funds may invest in non-U.S. securities. The laws and regulations governing shareholder rights and voting procedures differ around the world, and in certain countries, the requirements, restrictions or costs involved with voting may outweigh any benefit that the Specialty Credit Funds would receive by voting the proxies involved. In such cases, we may decide it is in the best interests of the Specialty Credit Funds not to vote the applicable proxies.

Investors in a Specialty Credit Fund may obtain copies of our Proxy Voting Policies and Procedures and information regarding how the Specialty Credit Fund's proxies were voted by submitting a written request to Moore Group.

Item 18 - Financial Information

Information required by this item is not applicable to Moore Group.