

**ITEM 1
COVER PAGE**

PART 2A OF FORM ADV: FIRM BROCHURE

MUDRICK CAPITAL MANAGEMENT, L.P.

MARCH 2023

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This brochure provides information about the qualifications and business practices of Mudrick Capital Management, L.P. (the “Adviser”). If you have any questions about the contents of this brochure, please contact us at 646-747-9500 or compliance@mudrickcapital.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

The Adviser is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply any level of skill or training.

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

ITEM 2

MATERIAL CHANGES

The rules promulgated under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) require the Adviser to identify and discuss any material changes made to its brochure since the last annual update. This brochure was last updated in March 2022. The only material changes to report since our last update are to: (i) note the Adviser’s updated regulatory assets under management, (ii) update certain risk factors, (iii) disclosures consistent with our current offerings and practices and (iv) as previously communicated to the Adviser’s clients and Fund investors, the hiring of Thomas Bachner as President of the Adviser.

Please note the above summary does not reflect all of the changes that have been made to this Brochure since its last update. We encourage all recipients of this Brochure to read it carefully in its entirety.

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ITEM 4

ADVISORY BUSINESS

A. General Description of Advisory Firm.

The Adviser, Mudrick Capital Management, L.P., a Delaware limited partnership, commenced operations in 2009 and has its office in New York, New York. Mr. Jason Mudrick, as a limited partner of the Adviser and as the managing member of the general partner of the Adviser, Mudrick Capital Management, LLC, a Delaware limited liability company, is the principal owner of the Adviser and controls the Adviser. The general partner of the Adviser has ultimate responsibility for the management, operations and the investment decisions made by the Adviser.

B. Description of Advisory Services.

1. Advisory Services.

The Adviser serves as the investment manager to a number of investment funds (the “Funds”) and separately managed accounts and may, from time to time, serve as the investment manager to additional funds or products. The interests in the Funds are generally offered on a private placement basis, in compliance with the exemption provided by Section 3(c)(7) of the Investment Company Act of 1940, as amended (the “Investment Company Act”) to persons who are “accredited investors” as defined under the Securities Act of 1933 and “qualified purchasers” (or “knowledgeable employees”) as defined under the Investment Company Act, and subject to other conditions, that are set forth in the offering documents for the Funds.

The Adviser has incorporated Mudrick Capital Management (UK), Ltd. (the “UK Affiliate”) in the United Kingdom, which is a limited liability partnership formed under the UK Limited Liability Partnerships Act 2000. The UK Affiliate was formed for purposes of conducting regulated activities in the UK, including investment or research activities, marketing activities or performing other functions. Mudrick Capital Management (UK) Ltd is as an Appointed Representative of Kroll Securities Ltd. (FCA Number: 466588), which is authorized and regulated by the UK Financial Conduct Authority (the “FCA”).

On March 31, 2021, an affiliate of the Adviser acquired the general partner of the CVC Global Credit Opportunity Master Fund, L.P. and its feeder funds, and the Adviser replaced CVC Credit Partners, LLC as investment adviser to the fund, which was subsequently renamed the Mudrick Stressed Credit Fund.

After the acquisition of Mudrick Stressed Credit Master Fund, L.P. and its feeder funds (the “Stressed Credit Fund”), given the substantially similar investment strategies and objectives between the Mudrick Distressed Senior Secured Fund (the “Senior Secured Fund”) and the Stressed Credit Fund, the Adviser determined that it would be more cost-effective and in the best interest of the investors in the Senior Secured Fund to consolidate the two funds. As such, in December 2021, the Senior Secured Fund was liquidated and the investors in the Senior Secured Fund were given the opportunity to redeem their interests in the Senior Secured Fund for either (i) interests in the Stressed Credit Fund or (ii) a cash payment equal to the net asset value of their

respective interests in the Senior Secured Fund, as adjusted for expenses, holdbacks and other reserves in accordance with the governing documents of the Senior Secured Fund.

As used herein, the term “clients” generally refers to the Funds and/or the Adviser’s separately managed account clients, as applicable.

This brochure generally includes information about the Adviser and its relationships with its clients and affiliates. While much of this brochure applies to all of those clients and affiliates, there is information included herein that only applies to specific clients or affiliates.

2. Investment Strategies and Types of Investments.

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

The investment objectives and strategy of the Funds are set forth in confidential private offering memoranda and are summarized below. In the case of variations in investment strategies pursued by certain Funds, those differences are noted below where applicable. The Adviser also provides investment advisory services to separately managed accounts. The investment objectives and strategy of the separately managed accounts are generally consistent with the following, though certain differences are noted below where applicable.

Investment Objectives

The principal objective of the Funds is to seek to maximize total return while seeking to preserve capital through investment in a portfolio of distressed debt and equity securities, focused predominantly on event-driven value investments, such as debt that trades at a discount to par because the market is discounting the ability of the issuer to repay the loan in whole, distressed and turnaround equities, post-reorganized equities, spin-offs, broken merger or acquisition deals and activist situations, among others. Certain of the Funds and separately managed accounts have been set up (i) to co-invest in only a specific subset of opportunities or companies or (ii) to generate attractive total returns on capital throughout the credit cycle by employing an opportunistic strategy targeting event-driven situations in leveraged corporate capital structures, as in the case of the Stressed Credit Fund, and the objectives of those Funds and separately managed accounts (as well as the investment strategies and types of investments as described herein) are modified accordingly. In addition, there are certain separately managed accounts that have been set up to generate stable, income driven returns through primarily passive investments in senior secured securities of distressed issuers, such as secured term loans, secured bonds and debtor-in-possession (“DIP”) financing (the “Senior Secured Strategy”). The Stressed Credit Fund and Senior Secured Strategy Clients generally trade *pari passu* subject to certain parameters and restrictions in the

investment guidelines of the offering memorandum or investment management agreement (as applicable), or other considerations in accordance with the Adviser's allocation policies.

The securities held by co-investment clients are also held by certain Funds and separately managed accounts in their portfolios.

Investment Strategy Overview

Event-driven value investing is a specialized version of value investing. The Funds will generally invest in securities that the Adviser believes are trading at a significant discount to their intrinsic values, thus providing a potential margin of safety. The slight variation as compared to pure value investing is that rather than employing the buy and hold strategy characteristic of pure value investing, the Adviser typically will look for an event, such as a balance sheet restructuring, a spin-off of assets or the modification of a corporate strategy, that can allow the Funds to capture the undervaluation spread.

The Fund investments are expected to focus primarily on the following strategies: (1) purchasing the distressed debt of companies that the Adviser believes are trading significantly below their intrinsic values, either for attractive yields or to own the equity of these businesses through a potential debt for equity swap, in each case, as determined by the Adviser; (2) purchasing the equity of distressed companies and companies facing turnaround situations that the Adviser believes are trading at significant discounts to their intrinsic value; (3) purchasing the post-reorganized equity of companies that have emerged from a bankruptcy proceeding (or turnaround situation); and (4) purchasing securities that present unique investment opportunities such as spin-offs, broken merger or acquisition deals, activist situations and other special situation opportunities that the Adviser deems appropriate.

In the case of the Stressed Credit Fund, the Fund expresses its strategy largely through investments in stressed and performing credit instruments, including loans and bonds, select distressed instruments and equities and episodic hedges or short positions. The Adviser uses fundamental credit research to seek to identify the most compelling total return opportunities in the global corporate credit markets (with an emphasis on the North American and European markets) and will focus primarily on investing the Fund's capital in loans and bonds (in cash and synthetic form) of speculative grade companies, but may also invest in certain convertible bonds and preferred securities, equity (including equity-linked) and structured finance securities. The Adviser applies fundamental credit analysis and a proactive management style to manage investment and portfolio risk.

In the case of the Senior Secured Strategy, its investments will generally focus primarily on the following strategies: (1) purchasing the senior secured distressed debt of companies that the Adviser believes are trading below their intrinsic values due to a potential restructuring event; (2) purchasing interests in DIP loans of companies going through bankruptcy, in secondary market transactions; and (3) purchasing senior secured debt of post-bankruptcy companies.

Types of Securities (Applicable to Funds other than the Stressed Credit Fund)

The below describes the types of securities in which the Funds, other than the Stressed Credit Fund, will invest. The types of securities in which the Stressed Credit Fund will invest is described further below.

The Funds will generally invest long or short in both publicly traded equity and debt securities and obligations and private securities and obligations, at original issuance and/or on the secondary market. The equity securities may include common and preferred equity or such other securities as the Adviser may determine from time to time, and the debt securities and obligations may include all types of debt securities and obligations, such as corporate bonds, debentures, notes, municipal bonds, equipment lease certificates, equipment trust certificates and, to the extent permitted by applicable laws and regulations, securities issued by troubled foreign issuers, including foreign governments. The private securities and obligations may include bank debt, trade claims of bankrupt companies and other privately traded securities and obligations. In addition, as described in more detail below, certain Funds may (and have in the past) hold an investment in the sponsor of a special purpose acquisition vehicle formed to pursue an initial business combination with a post-bankruptcy or post-reorganized target company (though such vehicle may target a company in any stage of its corporate evolution).

As a consequence of their purchase of private claims from banks and other financial institutions, the Funds may be required to perform certain lending functions, such as funding issued but undrawn letters of credit in the course of the restructuring of a troubled company or providing debtor-in-possession financing to the troubled company in the event that it seeks relief under Chapter 11 of the Bankruptcy Code. Upon the completion of a restructuring, the Funds' distributions may be in the form of obligations arising under an amended credit facility made available to the troubled company. The Funds' performance of these traditional lending functions may often be essential to their ability to consummate purchases of private claims. The Funds' decisions to undertake such lending functions are determined by the overall projected return for the private claim investment.

The Funds will be authorized to fund, participate in the funding of or otherwise sponsor the plan of reorganization of a debtor-in-possession or an out-of-bankruptcy restructuring. This activity typically involves formulating or participating in the formulation of a plan of reorganization and the funding of such plan in return for the acquisition of assets of the debtor and/or a debt and/or equity interest in the reorganized entity. The Adviser believes that there are several factors that might create opportunities to invest in this manner at attractive prices. First, companies exiting bankruptcy often have difficulty raising new capital, particularly new equity. Permanent capital may be a necessary component of the company's plan of reorganization or management or creditors may prefer a plan that provides for new equity capital. Second, creditors may undervalue the securities to be received through a plan of reorganization. Third, creditors may be willing to accept a lower payout if that payout is in cash rather than securities of the reorganized company.

Trade Claims of Companies in Bankruptcy. Trade claims are unpaid accounts receivables held by a creditor of a company in a Chapter 11 or a Chapter 7 bankruptcy proceeding. Trade

claims are general unsecured debt obligations. The United States bankruptcy laws allow a company to avoid payment on its pre-petition accounts receivable during the pendency of a bankruptcy case. Therefore, a trade creditor must generally wait until a Chapter 11 plan of reorganization or a Chapter 7 plan of liquidation is confirmed by the bankruptcy court before it can receive any distributions from the company on account of a trade creditor's pre-petition accounts receivable. Although Wall Street dealers are active in trading larger trade claims in major cases, there is less liquidity in the broader trade claims market. The Adviser believes that significant opportunities exist in the trade claims market because many overlooked bankruptcies contain trade claims, and because holders of trade claims may not possess the skillset for properly valuing distressed debt. Purchasing trade claims of bankrupt companies may be a means of obtaining post-reorganized equity at a significant discount to its perceived inherent value.

Short Sales and Derivative Securities. The Funds, in the discretion of the Adviser, may engage in short sales and in options transactions with respect to securities and other obligations. The Funds may purchase and write covered and uncovered put and call options on individual securities or on securities indices both as independent investment opportunities and as hedging devices as deemed appropriate by the Adviser. The Funds may also purchase or sell warrants or other derivative instruments. Short positions may also be taken in securities that the Adviser believes are relatively overvalued or are about to decline in price due to impending financial distress. Short positions generally are intended to serve as a degree of protection against a declining market but may also be independently viewed by the Adviser as profit opportunities for the Funds. Certain clients do not engage in short sales or derivatives transactions in accordance with those clients' investment guidelines.

Futures. The Funds, in the discretion of the Adviser, may purchase, hold, sell or otherwise deal in commodities, commodity contracts, commodity futures, financial futures or options thereon.

Types of Securities (Applicable to the Stressed Credit Fund)

Loans. The Stressed Credit Fund invests a significant portion of the Fund's capital in the loans of speculative grade companies, both domestically and internationally. The Fund may invest in revolving, first, second and third lien loans, unsecured loans and any other loans. Senior loans (i.e., first lien loans) are typically ranked at the most senior level of the capital structure, and are often secured by specific collateral, including but not limited to, accounts receivable, inventory, equipment, buildings, real estate, franchises, trademarks, patents, and common and preferred stock of the obligor and its subsidiaries.

High-Yield Bonds. High-yield bonds are issued by companies that do not qualify for "investment-grade" ratings by one of the leading credit rating agencies—Moody's Investors Service, Standard & Poor's Ratings Services and Fitch Ratings. Credit rating agencies evaluate issuers and assign ratings based on their opinions of the issuer's ability to pay interest and principal as scheduled. Those issuers with a greater risk of default—not paying interest or principal in a timely manner—are rated below investment grade. These issuers must pay a higher interest rate to attract investors to buy their bonds and to compensate them for the risks associated with investing in organizations of lower credit quality. The Adviser relies on the expertise of its credit analysts

who will use bottom up and industry analysis in order to identify high-yield bonds with the potential to generate attractive returns through current income and capital appreciation.

Convertible Securities. The Fund may invest in convertible securities, which are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged.

Structured Finance Securities. Structured finance securities are typically non-recourse or limited-recourse debt securities issued by a special purpose vehicle and secured solely by the assets thereof (including, without limitation, mortgage-backed securities, asset backed securities, collateralized bond obligations or collateralized loan obligations). Such securities are typically rated by one of the leading rating agencies.

Equity Investments. The Investment Manager seeks to use its knowledge of credit and capital structures to identify securities within the same capital structure that are mispriced, including equities. The leveraged nature of speculative grade companies often implies a publicly traded market capitalization of less than 50% of the company's enterprise value. The Adviser believes that these so-called "leveraged" equities can often present attractive investments because a small move in valuation multiples can have a disproportionate impact on the equity. The Adviser aims to use its knowledge of credit and high-yield industries to identify those equities that may present a compelling opportunity relative to the loans and/or bonds.

Types of Securities (Applicable to the Senior Secured Strategy)

The Senior Secured Strategy expects to invest in senior secured debt securities and obligations of issuers before an expected or actual restructuring, during bankruptcy and post-bankruptcy. The senior secured debt securities and obligations may include all types of debt securities and obligations, such as corporate bonds, term loans, and DIP loans, as well as private securities and obligations that may include trade claims of bankrupt companies and other privately traded securities and obligations.

The clients following the Senior Secured Strategy generally may hold or trade: (i) all forms of publicly and non-publicly traded securities and other financial instruments of U.S. and non-U.S. issuers, including, without limitation, bonds, debt, notes, debentures (whether subordinated, convertible or otherwise), loans (including but not limited to term loans, DIP loans and "frozen" revolving loans), trade claims, preferred stock, common stock, rights, units, certificates of beneficial interests, warrants, put and call options on equity securities, loan participations and assignments, joint ventures, notes and accounts receivable and other obligations and instruments or evidences of indebtedness of whatever kind or nature of any person, corporation or entity whatsoever, foreign or domestic, foreign currency transactions for the purpose of either acquiring foreign currencies to purchase foreign securities or hedging portfolio positions in foreign securities against exchange rate fluctuations and derivative securities hedging against or otherwise utilizing any of the foregoing; (ii) money market funds, obligations of the United States, commercial paper,

certificates of deposit, banker's acceptances, trust receipts; or (iii) instruments that hedge the foregoing. In addition, the Senior Secured Strategy may perform certain limited lending functions, such as providing DIP financing to a distressed company that is seeking relief under Chapter 11 of the Bankruptcy Code.

While the Senior Secured Strategy intends to take a primarily passive investment approach, to protect its position with respect to an investment in a debt obligation of a troubled company, it may occasionally be required to take an active role in negotiating the plan of reorganization of a debtor-in-possession or an out-of-bankruptcy restructuring. This activity typically involves formulating or participating in the formulation of a plan of reorganization, and may involve the performance of limited lending functions as described above, in each case in return for the acquisition of assets of the debtor and/or a debt and/or equity interest in the reorganized entity.

The Senior Secured Strategy, in the discretion of the Adviser, may purchase and sell derivative instruments, both as independent investment opportunities (i.e., to gain exposure to certain senior secured debt securities or obligations) and as hedging devices. In particular, the Senior Secured Strategy may invest in total return swaps as a means of gaining exposure to securities and obligations in which the Senior Secured Strategy could otherwise directly invest.

Methodology

Identification. The investment process begins with a screening for companies that are undergoing certain events. Spin-offs, split-offs and broken merger or acquisition deals, for example, usually carry substantial media coverage. In the case of distressed situations, financial trouble for most companies is a gradual process, with substantial media coverage and trade discussion. Newspapers and industry publications give broad coverage to actual and suspected deteriorating financial conditions. Additionally, the Adviser believes that clues to possible investment opportunities can be detected by monitoring the price of debt and equity securities in the public and private markets. Monitoring debt that trades below par and equities that are reaching 52-week lows are examples.

Due Diligence. Once potential investments are identified, the Adviser will engage in rigorous industry research and company-specific due diligence in order to have a fully informed view of the financial condition of a company prior to making an investment decision.

Valuation. The heart of the Adviser's investment analysis is the valuation of companies. The Adviser starts by seeking to understand the nature of the company's business, the drivers of its cash flows and the volatility and sustainability of its cash flows. The Adviser prefers investing in companies that have strong franchises that are not easily duplicated, have high barriers to entry and that manufacture products as opposed to those that provide services. Ideally, the Adviser looks for what it views as "good" businesses with "bad" capital structures. The Adviser tries to understand the value of the underlying collateral, the company's long-term ability to generate cash flow, the company's place in its industry and the future of the industry itself. All liabilities of a company are marked to market in order to determine the current market value of the company.

Choice of Security and Exit. After coming to a view on the attractiveness of the valuation of a firm and timing of events, the Adviser will determine what investment presents the best risk-

reward within the capital structure given the Funds' investment objectives. Finally, the Adviser will attempt to thoroughly explore and identify potential exit strategies and react promptly when anticipated or unanticipated events occur.

Ongoing Portfolio Management. The Adviser believes that effective asset management requires a consistent, disciplined and proactive approach to collecting the necessary details regarding: (i) borrower financial and operational performance; (ii) macroeconomic factors that affect and drive the borrower's operating environment; and (iii) the competitive landscape. The Adviser believes that the ability to monitor performance at a very granular level in an accurate and timely manner is critical, and reliant upon access to high quality data in order to reduce risks and highlight opportunities. The Adviser seeks to establish and build strong relationships with management teams to increase its visibility into a borrower's performance.

Portfolio Risk Management

In seeking to preserve capital, the Adviser intends to follow its disciplined investment methodology and to consider several well-defined investment approaches:

Team Approach. The investment professionals of the Adviser have extensive experience investing in distressed securities and obligations, and a team approach is used to take advantage of their experience. While Mr. Mudrick is the ultimate decision maker, various members of the team are involved in analyzing and reviewing all investments.

Asset Protection and Cash Flow Multiples. The Funds intend to make investments when the Adviser believes the price paid for the security is backed by substantial asset values or that the cash generating ability of the assets should support reorganization values or liquidation proceeds above the purchase price. The Adviser believes that purchasing a business at a discount to the value of its assets or at low multiples of its free cash flow can substantially reduce the investment's downside risk.

Borrowing. The Funds may employ leverage, including margin borrowing, to seek to enhance investment returns or for any other reason. The Adviser believes that, in certain situations, the use of borrowing can significantly enhance returns with an acceptable increase in risk.

Ongoing Monitoring. The Adviser will conduct ongoing monitoring of relevant portfolios with focus on the understanding of the fundamental and technical elements of the investments in order to manage the portfolio proactively rather than reactively. This involves refreshing of information on current portfolio issuers and across the database to assist the Adviser to make accurate, time-sensitive investment decisions.

Side Pockets

Investors in certain of the Funds may be subject to side pocket investments (each, a "Side Pocket Investment"); *provided* that the Adviser is permitted to designate an investment as a Side Pocket Investment only if, immediately after giving effect to such designation, no more than 20% of the carrying value of such Funds' assets would consist of Side Pocket Investments and "new issues." When subscribing for interests in such Funds, investors will elect whether to participate

in Side Pocket Investments and the Adviser's determination about whether or not to designate an investment as a Side Pocket is expected to be impacted by how many investors elect to participate in Side Pocket Investments (*i.e.*, if, as is true today, only a relatively small amount of investors (as a percentage of total assets of the applicable Fund) elect to participate in Side Pocket Investments, then the Adviser could choose not to exercise its discretion to designate an investment as a Side Pocket unless or until the number of investors electing to participate in Side Pocket Investments increases). Unless the Adviser determines otherwise in its sole discretion, an investor will participate in any Side Pocket Investment if, and only if, such investor is an investor on the date as of which the Adviser designates such investment as a Side Pocket Investment. Until a Side Pocket Investment has been sold or has otherwise become readily marketable, no gain or loss on such Side Pocket Investment will be ordinarily allocated, and investors will not be permitted to redeem or withdraw the portion of their interest in the Funds that is attributable to such Side Pocket Investment.

Other Investment Vehicles

The clients may participate in all or part of an investment through special-purpose vehicles (such as a corporation, a limited liability company, a business trust or a combination thereof) formed to address tax, legal, regulatory or other considerations or to aggregate multiple accounts, in each case as determined by the Adviser in its discretion.

The descriptions contained herein of specific investment strategies that are or may be engaged in by the Funds should not be understood as in any way limiting the Funds' investment activities as determined by the Adviser to be in the best interests of the Funds, whether or not described in this brochure. The Funds may engage in investment strategies not described herein that the Adviser considers appropriate.

C. Availability of Customized Services for Individual Clients.

Unless otherwise agreed to in writing, the Adviser does not generally tailor its advisory services to the individual needs of its clients, and clients generally may not impose restrictions on investing in certain securities or types of securities.

D. Assets Under Management.

The Adviser has regulatory assets under management ("RAUM") of approximately \$3,393,510,361 as of December 31, 2022.

All of the Adviser's assets are managed on a discretionary basis, and does not manage any assets on non-discretionary basis.

ITEM 5

FEES AND COMPENSATION

A. Advisory Fees and Compensation.

The fees applicable to each Fund are set forth in detail in each Fund's offering documents. A brief summary of these fees, along with the separately managed account fees, is provided below. Other than the ability to waive or reduce fees as described below, fees for each of the Funds are generally not negotiable.

Asset-Based Compensation

Clients generally pay the Adviser management fees for its management services ("Management Fees"). The Management Fees are typically based on the client's assets under management with the Adviser and are determined on an annualized rate. Currently, such rate ranges from 1.25% to 2% for the Funds, as described in more detail in each Fund's offering memorandum (though, as noted below, such rates are in some cases higher or lower for certain investors in any given Fund, Funds-of-one formed for specific investors and are generally lower for investors in separately managed accounts). Differences in Management Fees generally relate to differing liquidity terms or differing investment strategies. The Adviser, in its discretion (or as required pursuant to an agreement), may waive, reduce or calculate differently the Management Fee with respect to any client or any investor in any Fund. Investors that are officers, employees or affiliates of the Adviser, members of the immediate families of such persons and trusts or other entities established by them or for their benefit and certain other persons in the discretion of the Adviser ("Internal Investors") are not subject to Management Fees. Co-investment clients generally do not pay Management Fees.

Performance-Based Compensation

The Adviser receives performance-based compensation ("Performance Fees") from certain clients, which is compensation that is based on a share of the capital appreciation of the assets of a client. Currently, the Adviser is entitled to receive Performance Fees with respect to the separately managed accounts that it manages. With respect to these separately managed accounts, the Adviser generally receives a Performance Fee which may be payable (x) subject to a high water mark or hurdle, (i) on certain fiscal year-ends or certain anniversaries of the initial contribution date or (ii) on a date triggered by a withdrawal, distribution or termination of the investment advisory agreement, or (y) on any date on which assets have been returned to the separately managed account's owners. Variations in the above are set forth in the specific investment management agreement related to each applicable separately managed account. Separately managed account clients that are members of the immediate families of employees of the Adviser are not subject to Performance Fees.

Incentive Allocations

The general partner of certain applicable Funds (or the general partner of the master funds (the "Master Funds")) with respect to any Funds that are part of a master-feeder or mini-master

structure) (each a “General Partner”) is generally entitled to a performance allocation (the “Incentive Allocation”) from the applicable Funds. Each General Partner is affiliated with the Adviser and controlled by Mr. Mudrick.

With respect to the Adviser’s open-end Funds, the Incentive Allocations generally range from 10% to 20% of the annual capital appreciation, if any, on the capital accounts or sub-accounts, as applicable, maintained with respect to each investor, subject in each case to a modified high water mark. Differences in performance allocations generally relate to differing liquidity terms or differing strategies. The performance allocation is calculated based on both realized and unrealized net profits and net losses, except with respect to Side Pocket Investments, where applicable. Generally, any capital depreciation in a fiscal year allocated to any investor’s capital account or sub-account, as applicable, is carried forward in a “loss recovery account” so that a reduced performance allocation is charged to that capital sub-account until a multiple of the losses has been recouped, subject to various adjustments.

With respect to the Adviser’s closed-end funds, the Incentive Allocations generally range from 10% to 20% of the investment proceeds after the investors receive an annualized priority return and is based on the net proceeds distributed by the Funds to investors, as described in further detail in the confidential offering memorandum relating to these Funds. With respect to one of the closed-end funds, differences in performance allocations generally relate to the timing of each investor’s capital commitment. The General Partners, in their discretion (or as required pursuant to an agreement), may waive, reduce or calculate differently the Incentive Allocation with respect to any client or any investor in any Fund. Internal Investors are not subject to incentive allocations.

Other Compensation

The Adviser and its personnel can be expected to receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the clients that will neither be subject to an offset against any Management Fees nor will otherwise be shared with the clients, Fund investors and/or portfolio companies. For example, airline travel or hotel stays incurred as client expenses typically result in cash rebates, “miles,” credit card “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to the Adviser and/or such personnel (and not the clients, Fund investors and/or portfolio companies) even though the cost of the underlying service is borne by the clients, investors and/or portfolio companies.

B. Payment of Fees.

Fees and compensation paid to the Adviser or its affiliates by a client are generally deducted from the assets of such client’s account, except in the case of the separately managed accounts the Adviser does not deduct fees from such clients’ assets and instead bills the client separately. As discussed above, management fees are generally charged or deducted on a monthly or quarterly basis and performance compensation is charged (or Incentive Allocation is reallocated, as applicable) generally on an annual basis. If an investor withdraws all of its assets from a Fund, or a client withdraws all or some of the assets from its account on a termination of the advisory contract or otherwise, on any date other than the last day of a calendar month (though generally

withdrawals from the Funds are not permitted mid-month), the management fee paid for that month with respect to the portion withdrawn will generally be prorated based on the number of days in such month or quarter that have elapsed and the modified net asset value attributable to the assets withdrawn (determined as of the date of withdrawal). If paid in advance, the pro rata portion of the management fee paid with respect to such assets from the date of withdrawal to the last day of that calendar month will be refunded by the Adviser to the Fund investor or, in the case of the separately managed accounts, refunded to the client if the contract is thereby terminated (or credited towards future monthly or quarterly management fees payable by the client if such withdrawal is a partial withdrawal).

C. Additional Fees and Expenses.

Each Fund bears its own expenses, which generally include, without limitation, the following: investment-related expenses incurred by the Funds, or by the applicable General Partner, the Adviser or their affiliates, in connection with the Funds' investments (including any investments that are ultimately not consummated) (e.g., brokerage commissions, transaction costs, ticket charges, clearing and settlement charges, custodial fees, expenses relating to short sales, interest expenses and other financing charges (including initial and variation margin); stock borrowing fees; broken deal expenses (including with respect to broken deals intended to involve co-investors and expenses that might have been assumed by such co-investors had such deals been consummated); legal expenses relating to negotiation of ISDA agreements; expenses relating to proxy voting research; expenses relating to reporting, execution and recordkeeping services; consulting, advisory, investment banking and other professional fees relating to particular investments or contemplated investments; research-related expenses (including fees for news and quotation equipment and connectivity costs and services, market data services and fees paid to third-party providers of research and software for managing and monitoring research and legal expenses); fees for portfolio risk management services (including the costs of risk management software or database packages and related connectivity costs); fees for market information systems and related connectivity costs; fees for investment-, operations- and accounting-, portfolio- and trading-related software, including trade order management software and related connectivity costs of each such type of software, and expenses related to the formation and operation of any vehicle through which the Funds may hold investments); third-party legal, accounting, audit, tax preparation (including Schedules K-1) and other similar expenses, including fees associated with updates to any Fund's offering and subscription materials; interest expenses and other costs of any borrowing or financing by the Funds, including expenses of professional advisors incurred in connection with obtaining and entering into any such borrowing or financing; fees charged by the Administrator (including for certain information technology services and middle office trade support services as well as for accounting, reporting, tax compliance, audit services and software); corporate licensing fees; litigation-related and indemnification expenses; research travel and expenses associated with attendance at industry conferences (including the expenses of business-class travel, lodging and meals for investment professionals); foreign withholding taxes; regulatory expenses and filing fees (including expenses related to the preparation and submission of filings with the SEC and/or other national, state, provincial or local regulatory authorities in any country or territory (such as Form PF, Form D and blue sky and world sky filings, but excluding expenses related to preparation of the Adviser's Form ADV) and expenses incurred in connection with tax filings, preparation of tax information and audits; expenses attributable to compliance with

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986, applicable Treasury regulations and additional guidance thereunder (“FATCA”), the Organization for Economic Cooperation and Development’s Common Reporting Standard and similar regimes; expenses related to legal inquiries, including regulatory “sweeps,” investigations, or audits or any judicial or administrative proceedings, including but not limited to discovery requests, or arbitration, mediation or similar proceedings arising out of an investment or class of investments held or proposed to be held by the Funds); organizational expenses and expenses relating to the offer and sale of interests in the Funds (other than (x) placement fees and expenses of placement agents (if any) that do not reduce Management Fees and (y) expenses relating to marketing-related travel, lodging and meals and attendance at marketing-related conferences, but including Cayman Islands registration and filing fees and expenses and expenses attributable to compliance with the Alternative Investment Fund Managers Directive (“AIFMD”) and with anti-money laundering laws and know-your-customer requirements in connection with the offer and sale of the Interests); fees, costs and expenses incurred in connection with negotiating and entering into any side letters or other written agreements between a Fund and one or more of its investors; expenses relating to obtaining and maintaining insurance to benefit, directly or indirectly, the Funds, any Fund investor, the General Partners and/or the Adviser and its affiliates or their respective shareholders, partners, members, officers, directors, employees and agents; fees and expenses relating to compliance with Cayman Islands anti-money laundering regulations, including the fees and expenses of a Money Laundering Reporting Officer, Anti-Money Laundering Compliance Officer and Deputy Money Laundering Reporting Officer; expenses attributable to compliance with the AIFMD and with anti-money laundering laws and know-your-customer requirements; fees and expenses relating to compliance with data protection laws and regulations; the Management Fee; certain administrative and accounting services fees; and other expenses incurred in connection with the ongoing operations of the Funds, including costs relating to communications with Fund Investors, fees and expenses relating to Fund investor meetings and meetings of the advisory committee, if any (including compensation payable to members of such advisory committee that are not representatives of an investor), expenses incurred in connection with the obtaining of consents or waivers or effecting amendments to relevant Fund agreements, any costs incurred in connection with the winding-up, liquidation and dissolution of a Fund and any investment vehicle formed by the Adviser to facilitate investments, extraordinary expenses and other similar expenses related to the Funds.

Each separately managed account bears those expenses set forth in the investment management agreement between the Adviser and the applicable client.

In addition, to the extent a client invests in money market mutual funds, exchange-traded funds or other registered investment companies, the relevant client will indirectly bear its *pro rata* share of such funds’ operating and other expenses, including any management fees of the underlying fund.

Please see Item 12 below for further discussion of the factors that the Adviser considers in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

Certain expenses may be attributable to more than one client. Such shared expenses will, to the extent permitted by the client's governing documents, generally be apportioned among all participating clients *pro rata* according to their amounts of assets under management or their participation in the activity or investment which generated such expense, as applicable.

D. Additional Compensation and Conflicts of Interest.

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

ITEM 6

PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

The Adviser and its affiliates accept performance-based fees (or incentive allocations) from every client. Investors should be aware that the receipt of performance-based fees (or incentive allocations) may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect, or to allocate more desirable investment opportunities to clients that already have generated positive performance in a given period in which performance-based compensation is calculated.

In addition, because performance-based compensation is calculated on a basis that includes unrealized appreciation of a client's assets, it likely will be greater than if such compensation were based solely on realized gains. Item 5 above describes the incentive allocations and performance fees received by the Adviser (or its affiliate) from its clients. Neither any affiliate of the Adviser nor any supervised persons of the Adviser receive additional performance-based compensation from clients.

There are additional actual and potential conflicts of interest inherent in the Adviser's organizational structure and operation, certain of which are described below. The discussion below does not purport to be a comprehensive discussion of all of the conflicts of interest associated with the Adviser and an investment in any client. Each client's offering memorandum, investment management agreement, sub-advisory agreement, and supplemental disclosure document or other governing document, as applicable, contain additional information with respect to the actual and potential conflicts associated with an investment in such client.

Because the Adviser manages accounts for multiple clients, the potential exists for one client to be favored over another client. In particular, (i) the rates of asset-based fees and performance-based compensation are higher for some clients than for other clients, (ii) some clients may have investors with positive "loss recovery accounts" that result in an effectively lower incentive allocation rate overall for such client and (iii) different clients use differing amounts of leverage. Accordingly, the Adviser has an incentive to favor clients that pay higher performance-based compensation or higher asset-based fees or, potentially, that use a higher degree of leverage. In addition, certain affiliates and employees of the Adviser (as well as their respective principals and certain personnel) invest in the Funds. Because of the allocation of proprietary capital, the Adviser has an incentive to favor clients that contain more proprietary capital.

These factors create a conflict of interest with respect to the allocation of investment opportunities among the clients with the same or substantially similar strategies. However, the Adviser is committed to allocating investment opportunities on a fair and equitable basis and has established order aggregation and allocation policies and procedures to address the potential conflict of interest. (Please see Item 11 for a description of the Adviser's order aggregation and allocation policies and procedures.)

Certain of the Adviser's clients are expected to invest in different parts of the capital structure of issuers in which certain other clients also invest. It is expected that certain clients will often invest in the subordinated and/or unsecured debt of such issuers, while other clients will

invest in the more senior, secured debt. As such, there may be instances during a restructuring, insolvency or bankruptcy where the Adviser and its affiliates will be presented with decisions in which the interests of clients are in conflict. While it is expected that, in many cases, activity conducted on behalf of certain clients will be beneficial to the other clients, such other clients' interests may also be adversely affected by virtue of those clients' involvement and actions relating to its investment. For example, actions taken by the Adviser on behalf of certain clients may result in expense and delay in realizing returns on other clients' investments that would not have resulted in the absence of such action by the Adviser. Such expense and delay may result in losses to those clients or otherwise reduce the return that would be realized by those clients in the absence of such actions.

In addition, from time to time, the Adviser will be required to decide whether costs and expenses are to be borne by one or more clients, on the one hand, or the Investment Manager and/or its affiliates, on the other hand, and/or whether certain costs and expenses should be allocated between or among clients, including any co-investment vehicles or separately managed accounts. In particular, where expenses are attributable to multiple clients, the Adviser generally intends to allocate (i) expenses related to investments in issuers that are not ultimately consummated based on the assets under management of each client, (ii) expenses relating to any investments in issuers that are consummated based on the relative size of each client's investment and (iii) shared operating or general expenses based upon assets under management of each client. It should be noted that it generally will not be possible to separate expenses relating to researching, evaluating and diligencing particular issuers whose securities would be appropriate for multiple clients into portions attributable to specific securities (e.g., if different clients are investing in different tranches of debt of such issuer) and, in such cases, aggregate expenses will be treated as shared investment expenses and allocated to such multiple clients according to the principles referenced above for the allocation of shared investment expenses. The Adviser will make such judgments, which may be based, in certain cases, on good faith estimates, in its fair and reasonable discretion, notwithstanding its interest in the outcome, and may make corrective allocations should it determine that such corrections are necessary or advisable.

Finally, the Adviser or its affiliates (or the Board of Directors of certain Funds in consultation with the Adviser) generally has the ability to waive notice requirements or permit redemptions or withdrawals under such other circumstances and conditions as it deems appropriate or as may be required. Such other circumstances and conditions include instances where a client (or an investor in a Fund) is maintaining exposure to the general strategy of that Fund but moving, or committing, their redeemed amounts to an investment vehicle managed by the Adviser that has more restrictive liquidity terms.

ITEM 7

TYPES OF CLIENTS

As noted above, the Adviser provides advice to the Funds, which are private investment funds, and to separately managed account clients. Investors in the Funds may include, but are not limited to, high net worth individuals, pension funds and profit-sharing plans, trusts, estates, charitable organizations, corporations, business entities, endowments, institutional investors, insurance companies or other pooled investment vehicles. Separately managed account clients may include, but are not limited to, high net worth individuals, trusts, charitable organizations, corporations, business entities, endowments, pension funds, institutional investors or other pooled investment vehicles (other than investment companies).

As described elsewhere herein, the investment objectives and strategy of the Funds are set forth in confidential private offering memoranda and are summarized in Item 4. Certain Funds and separately managed accounts have been setup to co-invest in only a specific subset of opportunities or companies. The Adviser also provides investment advisory services to separately managed accounts. The investment objectives and strategy of the separately managed accounts are generally consistent with those of the Funds.

The minimum initial investment in the Adviser's open-end Funds by an investor is generally \$1 million and the minimum initial investment in the Adviser's closed-end Funds by an investor is generally \$5 million, subject in each case to the discretion of each Fund to accept lesser amounts. The minimum investment amounts generally do not apply to Internal Investors. Each prospective investor in a Fund is required to certify that the interests subscribed for are being acquired, directly or indirectly, for the account of a person or entity that is an "accredited investor", as defined in Regulation D under the Securities Act, and a "qualified purchaser", as defined under Section 2(a)(51)(A) of the Investment Company Act (or a "knowledgeable employee" pursuant to rule 3c-5 under the Investment Company Act).

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

A. Methods of Analysis and Investment Strategies.

Please see Item 4 of this brochure for a description of the methods of analysis and investment strategies that the Adviser uses in formulating investment advice and managing assets. The descriptions set forth in this brochure of specific advisory services that the Adviser offers to clients, and investment strategies pursued and investments made by the Adviser on behalf of its clients, should not be understood to limit in any way the Adviser's investment activities. The Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this brochure, that the Adviser considers appropriate, subject to each client's investment objectives and guidelines. The investment strategies the Adviser pursues are speculative and entail substantial risks. Clients, and investors in the Funds, should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.

The Adviser has adopted a socially responsible investment policy (an "SRI Policy"). Generally, the Adviser's SRI Policy is to integrate environmental, social and corporate governance ("ESG") considerations into the investment management process and ownership practices where these factors have an impact on financial performance. In taking a practical view towards ESG, the Adviser recognizes that the relative impact of ESG factors may vary across various industries and geographies. When assessing potential investments and monitoring existing investments, the Adviser will consider ESG factors as part of its overall due diligence, investment thesis and risk mitigation analysis in situations where these factors will or are likely to have an impact on financial performance of the applicable investment. More information about the SRI Policy is available to Clients or Fund investors upon request to the Adviser.

B. Material, Significant or Unusual Risks Relating to Investment Strategies.

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the clients advised by the Adviser. These risk factors include only those risks the Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by the Adviser. Fund investors should refer to the Funds' offering documents for a more complete description of the risk factors.

General Risks

Investment-Related Risks. The securities business is speculative, prices are volatile and market movements are difficult to predict. Supply and demand for securities change rapidly and are affected by a variety of factors, including interest rates, housing prices, merger activities, regulation, unemployment, wage growth and general economic trends. In addition to these general investment risks, the Adviser may use investment techniques that may subject clients to certain risks; some, but not all, of these risks are summarized herein.

Investment and Trading Risks Generally. An investment with the Adviser involves a high degree of risk, including the risk that the entire amount invested may be lost. Generally, the Adviser will invest client assets in and actively trade securities and other financial instruments using strategies and investment techniques with significant risk characteristics, including risks arising from the volatility of the global equity, currency and fixed income markets, short sales, leverage, the potential illiquidity of derivative instruments and other portfolio investments, loss from counterparty defaults and borrowing to meet redemption requests. No guarantee is made that any client's investment program or overall portfolio or various investment strategies used or investments made will have low correlation with each other or that such client's returns will exhibit low long-term correlation with an investor's traditional securities portfolio. A client's investment program may use such investment techniques as margin transactions, option transactions, swap and other derivative transactions, short sales and forward and futures contracts, which practices involve substantial volatility and can, in certain circumstances, substantially increase the adverse impact to which such client may be subject. All investments made by a client risk the loss of capital. No guarantee or representation is made that any client's investment program will be successful, that any client will achieve its investment objective or that there will be any return of capital invested to investors in the clients, and investment results may vary substantially over time.

Suitability of Investment. An investment in a client, including the Funds, is not suitable for all investors. An investment is suitable only for sophisticated investors and an investor must have the financial ability and experience to understand, the willingness to accept, and the financial resources to withstand, the extent of their exposure to the risks and lack of liquidity inherent in an investment in the Fund. Investors with any doubts as to the suitability of an investment in the Fund should consult their professional advisors to assist them in making their own evaluation of the merits and risks of investment in the Fund in light of their own circumstances and financial condition. An investment in the Fund requires a long-term commitment, and there can be no assurance that the Fund's investment objectives will be achieved or that there will be any return of capital.

Broad Discretionary Power to Choose Investments and Strategies. The Adviser generally has broad discretionary power to decide what investments clients will make and what strategies they will use. While the Adviser currently intends to use the strategies described herein and in the confidential offering memoranda or investment management agreements of the clients, it is not obligated to do so for certain clients, and for such clients the Adviser may choose any other investments and strategies that it believes are advisable, consistent with the client's investment objectives and relevant disclosure documents.

Valuation of Illiquid Assets. Valuations of a client portfolio, which will affect the amount of the management fee and the incentive allocation, are expected to involve uncertainties and discretionary determinations. From time to time, third-party pricing information may not be generally available regarding a portion of the client's securities, derivatives and other assets. If the valuation of a client should prove to be incorrect, the net asset value of such client could be adversely affected.

Limited Liquidity. For a variety of reasons, an investment in certain clients, including the Funds, is suitable only for certain sophisticated investors who have no need for liquidity in the

investment. In general, there is no public market for interests in the Funds, and no such market is expected to develop in the near future, and such interests may not be sold, transferred or assigned without the written consent of an affiliate of the Adviser, which may be granted or withheld in such person's discretion. In addition, as a general matter, an investor's ability to make withdrawals will be subject to limitations described in the offering memorandum of the applicable Fund (or the investment management agreement for the client). In particular, investments in the Adviser's closed-end Funds represent highly illiquid investments and should be acquired only by investors who are able to commit their funds for an indefinite period of time given that investors in such closed-end Funds may not be able to liquidate their investments prior to the completion of the winding up of those Funds.

Recourse to the Fund's Assets. The assets of the Fund, including any investments and any cash held by the Fund, will be available to satisfy all liabilities and other obligations of the Fund. If the Fund become subject to a liability, parties seeking to have the liability satisfied may have recourse to the Fund assets generally and not be limited to any particular asset.

Limited Operating Histories. The Adviser and certain clients have limited operating histories upon which prospective investors can evaluate their performance. Clients' investment programs should be evaluated on the basis that there can be no assurance that the Adviser's assessment of the short-term or long-term prospects of investments will prove accurate or that such clients will achieve their investment objective.

Dependence on Key Individuals. Investors in clients will have no authority to make decisions or to exercise discretion on behalf of such clients. The authority for such decisions will generally be delegated to the Adviser. The success of the clients will be significantly dependent upon the expertise of the investment management team. There can be no assurance that this team will be successful in implementing any client's investment objectives. The Adviser or its principals also serve as general partner, managing member, investment adviser or investment manager to other clients. Furthermore, the Adviser's investment personnel are not required to devote all of their time to the Adviser, and there can be no assurance that any principal of the Adviser will continue to remain associated with the Adviser.

Absence of Regulatory Oversight. Clients are not required to, and will not, register as investment companies under the Investment Company Act, in reliance upon an exclusion from the definition of "investment company" thereunder. The Funds rely on the exclusion from the definition of investment company provided by Section 3(c)(7) of the Investment Company Act, limiting the availability of interests in the Funds only to persons who are "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act. Accordingly, the provisions of the Investment Company Act (which may provide certain regulatory safeguards to investors) are not applicable. In addition, because securities of the clients expected to be held by brokers generally will not be held in segregated accounts, a failure of any such broker is likely to have a greater adverse impact on such clients than if such securities were registered in such client's name. Under the provisions of the Securities Investor Protection Act of 1970, as amended, the bankruptcy of a client's prime broker might have a greater adverse effect on such client than would be the case if such prime broker was required to mark the client's securities as property of the client and to

comply with other regulations of the SEC governing the custody of the securities of registered investment companies.

CFTC/NFA Registration. Pursuant to an exemption from registration under regulations of the Commodity Futures Trading Commission (“CFTC”), the Adviser is not required to register, and is not registered, with the CFTC or the National Futures Association (“NFA”) as a commodity pool operator (a “CPO”) or as a commodity trading advisor (“CTA”). To comply with the exemption, the Adviser is subject to specific limitations on its trading of futures (including financial futures, such as interest rate, currency, index and security futures), commodity options and swaps (excluding security-based swaps, but including interest rate, currency and other financial swaps and swaps on broad-based securities indices) (collectively, “Commodity Interests”) that it can trade. Should the Adviser’s investments in Commodity Interests exceed the limits provided by the applicable exemption from registration, the Adviser would likely be required to register as a CPO or CTA and, if registration or reliance on an alternative exemption were impracticable, cease providing Commodity Interest trading advice to clients and liquidate the clients’ holdings of Commodity Interests, which could result in losses and additional costs to the applicable clients. In the event that the Adviser determines to register with the CFTC as a CPO or CTA or to manage or operate any client pursuant to an exemption in connection with pools whose participants are limited to qualified eligible persons, the private offering memorandum of each Fund, as applicable, will not be required to be, and will not be, filed with the CFTC. Consequently, the CFTC will not review or approve any offerings by the Funds or any relevant private offering memorandum.

Pandemics and Other Public Health Crises. Pandemics and other widespread public health emergencies have resulted and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which could result in significant losses to the clients.

An ongoing outbreak of COVID-19 has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, took severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of a large number of offices, businesses, schools, and other public venues. As a result, COVID-19 significantly diminished global economic production and activity of all kinds and contributed to both volatility and a severe decline in all financial markets. Among other things, these unprecedented developments resulted in material reductions in demand across most categories of consumer and business activities, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, steep increases in unemployment levels in the United States and several other countries, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment. While vaccines for COVID-19 have been developed and widely distributed, there is no guarantee that

any such vaccine will be durable and effective consistent with current expectations. Moreover, while circumstances related to COVID-19 have recently improved in many parts of the world, there is no guarantee that such conditions will continue and, in other parts of the world, COVID-19 continues to spread. New strains of the coronavirus, which could be more transmissible and/or more lethal, may give rise to future surges of COVID-19.

The ultimate impact of COVID-19, and the resulting precipitous decline in economic and commercial activity across nearly all of the world's largest economies, on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects are possible, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity. The ultimate extent of COVID-19's impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and could have unpredictable results. Even as the spread of the COVID-19 virus itself is substantially contained and economies are able to "re-open," it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

The ongoing COVID-19 crisis and any other public health emergency could have a significant adverse impact and result in significant losses to the clients. The extent of the impact on the clients and their portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact could include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors could limit the ability of the clients to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions could constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the clients intends to pursue, all of which could adversely affect the ability of the clients to fulfill its investment objectives. They could also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the clients, their portfolio investments, and the Adviser may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures could also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

Operational Risk. Clients depend on the Adviser to develop the appropriate systems and procedures to control operational risks. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated or accounted for or other similar disruption in the Adviser's operations may cause clients to suffer financial loss, the disruption of their businesses, liability to clients or third parties, and regulatory intervention or reputational damage.

Systems Risks. Clients depend on the Adviser to develop and implement appropriate systems for clients' activities. In particular, the Adviser will rely extensively on computer programs and systems to trade, clear and settle securities transactions, to evaluate certain securities based on real-time trading information, to monitor their portfolios and net capital, and to generate risk management and other reports that are critical to the oversight of client activities. In addition, certain of the Adviser's operations interface with or depend on systems operated by third parties, including brokers and market counterparties and their sub-custodians and other service providers, and the Adviser may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures or interruptions, including, but not limited to, those caused by computer "worms," viruses, infiltration by unauthorized persons, security breaches and power failures. Any such defect or failure could have a material adverse effect on clients. For example, such failures could cause settlement of trades to fail, lead to inaccurate accounting, recording or processing of trades, and cause inaccurate reports, which may affect the Adviser's ability to monitor a client's investment portfolio and its risks.

Reliance on Technology. Certain of the client's investment strategies and critical aspects of its and the Adviser's operations will be reliant on technology, including hardware, software and telecommunications systems. Significant parts of the technology used in the management of a client will be provided by third parties and are therefore beyond the Adviser's direct control. Forecasting, trade execution, data gathering, risk management, portfolio management, IT infrastructure and support, compliance and accounting systems all are designed to depend upon a high degree of automation and computerization. Although the Adviser seeks, on an ongoing basis, to ensure adequate backups of software and hardware where possible, and the Adviser will attempt to conduct adequate due diligence and monitoring of providers, if such efforts are unsuccessful or inadequate, software or hardware errors or failures may result in errors, data loss and/or failures in trade execution, risk management, portfolio management, compliance or accounting. Errors or failures may also result in the inaccuracy of data and reporting or the unavailability of data or vulnerability of data to the risk of loss or theft. Errors may occur gradually and once in the code may be very hard to detect and can potentially affect results over a long period of time. If an unforeseeable software or hardware malfunction or problem is caused by a defect, virus or other outside force, a client may be materially adversely affected.

In particular, the Adviser will rely on cloud (including private and public cloud-based) technology for its daily operations, including data storage. Cloud-based technology, like any electronic data storage or processing technology, is not fail-safe. It may be subject to certain defects, failures or interruptions of service beyond the Adviser's direct control. It is also possible that such technology could be compromised by a third-party, including through the use of malicious software or programs, such as viruses, which may expose the Adviser or a client to theft (of data or other assets) and/or significant business interruption. In addition, a software provider

may cease operations or be relatively thinly capitalized and the Adviser's and a client's ability to be made whole after any loss may be compromised as a result.

Cybersecurity Threats. Cybersecurity incidents, cyber attacks and other breaches have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. The Adviser and its service providers have faced and will continue to face cybersecurity risks and threats. Such risks and threats are evolving and may be difficult to detect for long periods of time, due to, among other things, the increased sophistication and activities of organized crime, hackers, terrorists and other external parties, including foreign state actors. Such risks and threats may include, but are not limited, spamming and phishing attacks, ransomware attacks, social engineering, computer viruses and other malicious code, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches (by physical or electronic means), usage errors by their respective users or service providers, power, communications or other service outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. The Adviser, a client or any portfolio company may face cybersecurity threats to gain unauthorized access to or release of sensitive, confidential, proprietary, personal or otherwise protected information, including, without limitation, information regarding the investors in a Fund and the investment activities of a client, or to render data and systems unusable, any of which could result in significant losses. Any cybersecurity attacks against the Adviser, a client, or any portfolio company could lead to the loss of sensitive information essential to such entity's operations and could have a material adverse effect on such entity's reputation, financial position or cash flows, could lead to financial losses from remedial actions, loss of business, or could lead to potential liability.

Cybersecurity attacks are evolving and include, but are not limited to, malicious software, attempts to gain unauthorized access to data, and other electronic security breaches that could lead to disruptions in critical systems, unauthorized release of confidential or otherwise protected information and corruption of data. Cyberattacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on systems or web sites rendering them unavailable. Breaches such as those involving covertly introduced malware, impersonation of authorized users and industrial or other espionage may not be identified even with sophisticated prevention and detection systems, potentially resulting in further harm and preventing such breaches from being addressed appropriately. The controls and procedures, business continuity systems, and data security systems of the Adviser, a client or any portfolio company and each of their respective service providers could prove to be inadequate. These problems may arise in both the internally developed systems of the Adviser, a client or any portfolio company or in the systems of third-party service providers. If a third-party service provider fails to adopt or adhere to adequate cybersecurity procedures, or if despite such procedures its networks or systems are breached, information relating to investor transactions and/or personal information of investors may be lost or improperly accessed, used or disclosed. The Adviser and its clients do not control the cybersecurity measures put in place by third-party service providers, and such third-party service providers could have limited indemnification obligations to the Adviser, the clients and portfolio companies, each of whom could be negatively impacted as a result.

Data Privacy and Security Laws and Regulations. The U.S. and international legal and regulatory landscape governing data privacy and security is in a period of considerable flux. In recent years, state legislatures have passed a number of important new laws, including the California Consumer Privacy Act (“CCPA”) and the New York SHIELD Act. Additionally, the California Privacy Rights Act (“CPRA”), which will become effective in most material respects starting on January 1, 2023, will significantly modify the CCPA, including by expanding consumers’ rights with respect to certain sensitive personal information. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and the CPRA. Various other states (including Virginia, Colorado, Utah and Connecticut) also have enacted, and a number of other states are considering proposals for, comprehensive data privacy laws. Internationally, many jurisdictions have established their own data privacy and security legal frameworks with which the Adviser and/or the clients may need to comply, including, but not limited to, the European Union General Data Protection Regulation (“GDPR”), which includes a range of compliance obligations regarding the processing of personal data and significant financial penalties for noncompliance.

The Adviser, the General Partners and the clients are also subject to data protection laws passed by many states and by localities that require enhanced levels of cybersecurity and notification to users and/or regulators when there is a security breach with respect to personal data. Compliance with these regulations, including the obligation to timely notify stakeholders in the event of a cybersecurity incident, may divert the Adviser’s and the General Partners’ time and effort and entail substantial expense. Any failure or perceived failure by the Adviser, the General Partners or the clients to comply with these laws and regulations could result in negative publicity and may subject the clients to significant costs associated with litigation, settlements, regulatory action, judgments, liabilities and other penalties, for which the clients may not have insurance coverage.

Dependence on Certain Third Parties. The clients are dependent upon their counterparties and the businesses that are not controlled by the Adviser that provide services to the clients. Examples of service providers include accountants, administrators, bankers, lenders, brokers, attorneys, consultants and investment banking firms. Errors are inherent in the business and operations of any business, and although the Adviser will adopt measures to prevent and detect errors by, and misconduct of, counterparties and service providers, and transact with counterparties and service providers it believes to be reliable, such measures may not be effective in all cases. Errors or misconduct could have a material adverse effect on the clients.

Trade Execution Risk. Clients’ investment and trading strategies depend on the Adviser’s ability to establish and maintain an overall market position in a combination of financial instruments selected by the Adviser. Clients’ trading orders may not be executed in a timely and efficient manner due to various circumstances, including, without limitation, trading volume surges or systems failures attributable to clients, the Adviser, clients’ counterparties, brokers, dealers, agents, or other market participants. In such event, such clients may only be able to acquire or dispose of some, but not all, of the components of such position, and if the overall position were to need adjustment, such clients may not be able to make such adjustment. As a result, the clients may not be able to achieve the market position selected by the Adviser, which could result in a loss.

Investors Subject to Regulation. Certain prospective investors may be subject to U.S. federal and state laws, rules and regulations that may regulate their investment in certain clients, or their engaging in investment strategies of the type that certain clients may use from time to time (e.g., short sales of securities and the use of futures, leverage and limited diversification). Each type of organization may be subject to different laws, rules and regulations, and such prospective investors should consult with their own advisors as to the advisability and tax consequences of an investment in any of the clients. Investment in a client by entities subject to the U.S. Employee Retirement Income Security Act of 1974, as amended and other tax-exempt entities may require special consideration. Governmental entities, including, but not limited to, pension plans maintained by governmental agencies and instrumentalities, may invest in the clients. Such investors may be subject to laws that affect the applicability or enforcement of certain terms generally governing the clients. For example, exculpation, indemnification, confidentiality, choice of law, and choice of venue provisions may be applied differently with respect to such investors. In addition, investment in clients by certain governmental entities may subject such clients and/or the Adviser to increased regulatory burdens and public disclosures about the client, its investors, and its activities.

Litigation and Claims. The Adviser, the General Partners and certain clients, as independent legal entities, may be subject to lawsuits or proceedings by government entities or private parties. Except in certain limited circumstances, expenses or liabilities of clients arising from any suit will be borne by such clients.

Expenses May Be a High Percentage of Assets. Operating expenses that are necessary for clients' proper operation may be a high percentage of a client's net asset value and, even if such client's strategies are successful, the client may still not be profitable. For example, it is possible that a client's net asset value could remain unchanged or even decrease even where the client has experienced trading gains due to fees and expenses, which could have the effect of increasing the client's expense ratio. Clients may initially have substantially fewer assets with which to trade than it may have over time.

Other Activities. The Adviser or its affiliates, principals and employees may engage or participate in other activities or ventures unrelated to the affairs of any client, whether or not of the same nature as those of clients. The Adviser and its affiliates serve as investment manager to investment funds and/or managed accounts, and certain of the Adviser's principals and employees serve as directors or executive officers for and/or provide other services to, certain other entities, that are expected to invest in many of the same or similar types of securities and assets as clients, and such clients and other entities may therefore compete directly or indirectly for investment opportunities. The Adviser and its affiliates, principals and employees may become aware of business opportunities in which clients will not be given an opportunity to participate. No investor in a client or such client will be entitled to any profits or fees that the Adviser or any of its affiliates, principals or employees will derive from any activities or ventures other than those derived from such client, whether or not such businesses or ventures are of the same nature as, and/or compete with, the client. The Adviser and its affiliates, principals and employees will not be prohibited from buying or selling securities for their own account, including securities that are the same as those held by clients; however, the Adviser's employees are generally prohibited from purchasing single-name corporate equity or debt securities. As a result of their other activities and ventures,

the Adviser may have conflicts of interest in allocating time, services and functions among clients and such other activities and business ventures.

Turnover. The turnover rate of clients' investment portfolio may be significant, potentially involving substantial brokerage commissions and fees and other transaction costs.

Trading Limitations. For all securities listed on a securities exchange, including options listed on a public exchange, the exchange generally has the right to suspend or limit trading under certain circumstances. Such suspensions or limits could render certain strategies difficult to complete or continue and subject a client to potential losses. Also, such suspensions or limits could render it impossible for the Adviser to liquidate positions and thereby expose clients to potential losses.

Non-Disclosure of Positions. In an effort to protect the confidentiality of its positions, the Adviser generally will not disclose all of a Fund's positions to its investors on an ongoing basis, although such disclosure may be permitted on a select basis to certain investors and certain other parties if the Adviser determines that there are sufficient confidentiality agreements and procedures in place. Further, each client may not disclose its investment positions in its annual financial statements if it determines that confidential treatment is desirable. In certain situations however, disclosure of the clients' positions, and changes in those positions, may be required under federal securities laws, including, for example, where the clients accumulate a significant position in a publicly-traded security. The disclosure of such positions could adversely affect the ability of such clients to dispose of such positions or the prices at which the positions may be disposed.

Effect of Redemptions. A significant level of redemptions from a client, including a Fund, may impair the ability of the client to maintain positions in some or all of its investments and may adversely affect the ability of the Adviser to follow its investment strategy. In such instances, the client may be required to liquidate securities positions at a time other than of its choosing and at disadvantageous valuations or on disadvantageous terms. The client also may be required to incur indebtedness to meet redemption requests, which will increase the operating cost of the client to the disadvantage of remaining investors. In addition, because the liquidity terms among clients (and/or investors in certain Funds) vary, certain clients (and/or certain investors in certain Funds) may be able to redeem sooner and or with greater frequency and volume than other clients (and/or other investors in certain Funds), and such redemptions may have a disadvantageous impact on non-redeeming clients or investors because such clients or investors often hold the same investments as those clients or investors. For example, separately managed account investors often have different liquidity rights than investors in the Funds and, even within certain Funds, liquidity rights vary from investor to investor (*e.g.*, in exchange for different management fee and incentive allocation arrangements, certain investors in certain Funds can generally redeem every quarter, certain can generally redeem once annually and certain can generally redeem every three years, in each case by providing at least 90 days' notice). Finally, as described in Item 6 above, the Adviser or its affiliates (or the Board of Directors of certain Funds in consultation with the Adviser) generally has the ability to waive notice requirements or permit redemptions under such other circumstances and conditions as it deems appropriate or as may be required. Such other circumstances and conditions include instances where a client (or an investor in a Fund) is maintaining exposure to the general strategy of that Fund but moving, or committing, their

redeemed amounts to an investment vehicle managed by the Adviser that has more restrictive liquidity terms.

Side Letters. The Adviser or one of its affiliates has entered into written arrangements (collectively, “Side Letters”) with certain investors in certain Funds, and may in the future enter into additional Side Letters with certain other investors, that have the effect of altering or supplementing the terms of such persons’ investments in such Funds. Such arrangements include, without limitation, arrangements with respect to waivers or reductions of management fee and/or incentive allocation, access to information about a Fund’s investments, transfer rights, excuse rights applicable to certain investments, additional reporting and/or disclosure rights, waiver or modification of confidentiality obligations or obligations to submit documentation to a Fund, rights with respect to structuring investments, rights with respect to the activities of the Adviser or its affiliates, rights to participate in a co-investment opportunity, other rights or terms necessary in light of particular legal, regulatory or public policy characteristics of an investor, and/or rights relating to the circumstances under which withdrawals or redemptions may be effected. Such Side Letters may have the effect of establishing rights under, or altering or supplementing the terms of, the offering memorandum and governing documents of such Fund. Neither the Adviser nor any of its affiliates will be required to notify any or all of the other investors in such Fund of any such Side Letters or any of the rights or terms or provisions thereof, nor will the Adviser or its affiliates be required to offer such additional or different rights or terms to any or all of the other investors, unless otherwise agreed in writing. The Adviser and its affiliates may enter into such Side Letters with any party as they may determine in their sole and absolute discretion at any time, and the other investors in the Fund will have no recourse against the Adviser or any of their affiliates in the event that certain investors in such Fund receive additional or different rights or terms as a result of such Side Letters.

In-Kind Distributions. The Funds expect to distribute cash to investors upon a withdrawal or redemption by any such investor. However, there can be no assurance that the Funds will have sufficient cash to satisfy withdrawal requests, or that the Funds will be able to liquidate investments at the time of such withdrawal requests at favorable prices. Under the foregoing circumstances, and under other circumstances deemed appropriate by the Adviser or its affiliate in its sole and absolute discretion, an investor may receive in-kind distributions from the Funds’ portfolio. The risk of loss and delay in liquidating these securities will be borne by the investor with the result that such investor may receive less cash than it would have received on the date of withdrawal.

Performance Fee/Incentive Allocation. The Adviser or its affiliates will generally receive a Performance Fee or an Incentive Allocation based upon the net capital appreciation, if any, of its clients. The receipt of the Performance Fee or Incentive Allocations, as applicable, may create an incentive for the Adviser to make investments that are riskier or more speculative than would be the case if such arrangement were not in effect.

Portfolio Investment Risks

Issuer Concentration and Diversification Risk. At any given time, it is possible (and, with respect to certain clients set up to co-invest in only a specific subset of industries, opportunities or single companies, it should be expected) that the Adviser may select investments that are

concentrated in a particular market or industry, or in a limited number or type of securities or issuers. This limited diversity could expose clients to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in those investments. As such, the aggregate returns realized by the clients may be substantially affected by the unfavorable performance of a small number of such investments and may reduce the clients' ability to hedge exposure and to dispose of depreciating assets. To the extent a client's investments are concentrated in a particular industry, security, or issuer, the client's portfolio will then become more susceptible to fluctuations in value resulting from adverse economic conditions affecting that particular industry, security, or issuer.

Illiquid Portfolio Securities. The Adviser's clients invest in securities of private companies and privately issued securities of public companies, securities that lack a readily ascertainable market value or otherwise lack sufficient liquidity, and/or securities that should be held until the resolution of a special event or circumstance. Clients are not expected to be able to readily dispose of such non-publicly traded securities and, in some cases, will be contractually prohibited from disposing of such investments for a specified period of time. Other assets and liabilities for which no market prices are available generally will be carried on client books at fair value (which may be cost) as reasonably determined by the Adviser in good faith and consistent with the Adviser's valuation policies and procedures. There is no guarantee that fair value will represent the value that will be realized by such clients on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. The illiquid nature of such securities may also contribute to the volatility of the client's performance.

Effect of Redemptions. As noted in more detail above, a significant level of redemptions from a client may impair the ability of such client to maintain positions in some or all investments and may adversely affect the ability of the Adviser to follow the investment strategy. In such instances, the client may be required to liquidate securities positions at a time other than of their choosing and at disadvantageous valuations or on disadvantageous terms.

No Guarantee of Return or Performance. The obligations or performance of clients or the returns on investments of clients are not guaranteed in any way. Any losses of a client will be borne solely by such client and its investors. Ownership interests in the clients are not insured by the Federal Deposit Insurance Corporation, and are not deposits, obligations of, or endorsed or guaranteed in any way, by any banking entity.

Projections. The Adviser expects, at times, to rely on its own projections or upon projections developed by a portfolio company concerning such portfolio company's future performance and cash flow when making investment decisions for clients. Projections are inherently subject to uncertainty and factors beyond the control of the Adviser and such portfolio company. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a company to realize projected values and cash flow.

Investments In Undervalued Securities. The identification of investment opportunities in undervalued securities is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer the

opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from clients' investments may not adequately compensate for the business and financial risks assumed.

The Adviser may cause clients to make certain speculative investments in securities which the Adviser believes to be undervalued; however, there are no assurances that the securities purchased will in fact be undervalued. In addition, the clients may be required to hold such securities for a substantial period of time before realizing their anticipated value. During this period, a portion of the clients' capital would be committed to the securities purchased, thus possibly preventing the Adviser from investing in other opportunities on behalf of such clients. In addition, the clients may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

Interest Rate Risk. The market value of debt securities generally varies in response to changes in interest rates and the financial condition of the issuer of such securities. During periods of declining interest rates, the value of debt generally increases. Conversely, during periods of rising interest rates, the value generally declines. These changes in market value will be reflected in the net asset value of a client. No assurance can be given that the debt and fixed income obligations in which a client invests will continue to earn yields comparable to those earned historically, nor can any assurance be given that the issuers of such securities will make payment on such obligations as they become due. The performance of clients may therefore depend in part on the ability to anticipate and respond to such fluctuations on market interest rates, and to utilize appropriate strategies to maximize returns, while seeking to preserve capital.

LIBOR Risk. Following announcements by the FCA, which regulates the London Interbank Offered Rate ("LIBOR"), and ICE Benchmark Administration Limited, the administrator of LIBOR, the publication of most non-U.S. dollar LIBOR settings ceased as of the end of December 2021. While certain U.S. dollar LIBOR settings are expected to continue to be published until June 30, 2023, U.S. and other regulators have issued guidance instructing banks to cease entering into new contracts referencing U.S. dollar LIBOR no later than December 31, 2021. The Federal Reserve Bank of New York currently publishes the Secured Overnight Financing Rate ("SOFR") based on overnight U.S. Treasury repurchase agreement transactions, which has been recommended as the alternative to U.S. dollar LIBOR by the Alternative Reference Rates Committee convened by the Federal Reserve Board and the Federal Reserve Bank of New York. As of the date hereof, it is unknown whether SOFR will attain market acceptance in the loan market as a replacement for LIBOR and, because SOFR differs fundamentally from LIBOR, there is no assurance that SOFR will perform in the same way as LIBOR would have performed at any time. If SOFR does not prove to be a viable alternative to LIBOR in the loan market and no other viable alternative is adopted, it could cause a disruption in the credit markets generally. Such disruptions related to loans in the marketplace could have a material adverse effect on a client's ability to make investments in the future and which may have a material adverse effect on the investment returns of such client.

Event Driven Investing. Certain investment opportunities are expected to arise due to the pendency or occurrence of specific events affecting a company. Event driven investing requires the investor to make predictions about (i) the likelihood that an event will occur and (ii) the impact

such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. Because of the inherently speculative nature of event driven investing, the Adviser's results with respect to any such investments on behalf of the clients may be expected to fluctuate from period to period and will not necessarily be indicative of results that may be expected in future periods.

Debt Securities. The Adviser expects to cause its clients to invest in U.S. and non-U.S. private, public and government debt securities and instruments, including without limitation, "higher yielding" (and therefore generally higher risk) debt securities, syndicated bank loans, bonds, notes, trade claims and other subordinate debt obligations. Such securities and instruments may be unrated or below "investment grade" and face ongoing uncertainties and exposure to adverse business, financial, or economic conditions that could lead to the issuer's inability to meet timely interest and principal payments. Such securities may not be exchange-traded and trade in the over-the-counter market, which is generally less transparent and may have wider bid/ask spreads than the exchange-traded marketplace. Such instruments are dependent on the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, an economic recession could severely disrupt the market for most of these securities and could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default for such securities.

Bank Loans and Participations. Clients' investment programs generally include, regularly or from time to time, investments in 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 the clients to enforce directly its rights with respect to the obligations. Successful claims by third parties arising from these and other risks, absent certain conduct by the Adviser, its affiliates and certain other individuals, will be borne by the clients.

Some of the bank loans that may be purchased by clients may ultimately have no, or only a limited, trading market. Illiquid bank loans may trade at a discount to comparable, more liquid investments. In addition, because of the provision of confidential information, the unique and customized nature of a loan agreement, and the private syndication of a loan, certain bank loans may not be purchased or sold as easily as publicly traded securities, particularly as a result of the increased degree of complexity in negotiating a secondary market purchase or sale, which complexity does not exist, for example, in the high-yield bond market. Bank loans may encounter trading delays due to their unique and customized nature, and transfers may be prohibited without the consent of an agent bank or borrower.

Restructurings and Nature of Bankruptcy Proceedings. The Adviser expects to cause clients to invest in companies involved in bankruptcy proceedings. Such companies could require substantial workout negotiations or restructuring in the event of a default or bankruptcy. There are a number of significant risks when investing in companies involved in bankruptcy proceedings, including the following: First, many events in a bankruptcy are the product of contested matters

and adversary proceedings that are beyond the control of the creditors. Second, a bankruptcy filing may have adverse and permanent effects on the relevant company. For instance, the company may lose its market position and key employees and otherwise become incapable of restoring itself as a viable entity. Further, if the proceeding is converted to a liquidation, the liquidation value of the company may not equal the liquidation value that was believed to exist at the time of the clients' investment in the company's securities. Third, the duration of a bankruptcy proceeding is difficult to predict. A creditor's return on investment can be affected adversely by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court, and until it ultimately becomes effective. Fourth, certain claims, such as claims for taxes, wages and certain trade claims, may have priority by law over the claims of certain creditors. Fifth, the administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor's estate prior to any return to creditors. Sixth, creditors can lose their ranking and priority in a variety of circumstances, including if they exercise "domination and control" over a debtor and other creditors can demonstrate that they have been harmed by such actions. Seventh, the clients' ability to trade debt obligations or equity of the relevant companies may be restricted during the pendency of the bankruptcy proceeds pursuant to a "claims trading order." Eighth, the Adviser may in some cases cause certain clients to seek representation on creditors' committees and, as a member of a creditors' committee, they may owe certain obligations generally to all creditors similarly situated that the committee represents and may be subject to various trading or confidentiality restrictions. In such cases, if the Adviser concludes that a client's membership on a creditors' committee entails obligations or restrictions that conflict with the duties it owes to the client, or that otherwise outweigh the advantages of such membership, the client will not seek membership in, or will resign from, that committee. Because clients will indemnify the Adviser, the General Partners or any other person serving on a committee on behalf of the clients for claims arising from breaches of those obligations, indemnification payments could adversely affect the return on the clients' investment in a company undergoing a reorganization.

Lender Liability and Equitable Subordination. A number of judicial decisions in the United States have upheld the right of borrowers to pursue lending institutions and others on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that a lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower that creates a fiduciary duty owed to the borrower or its other creditors or shareholders. The clients, and the Adviser on behalf of the clients, do not intend to engage in conduct that would form the basis for a successful cause of action for lender liability, including what is known as the "equitable subordination" doctrine; however, because of the nature of certain debt obligations in which the clients may invest, a client could be subject to claims from creditors of an obligor that debt obligations of such obligor with respect to a loan extended by the client should be equitably subordinated or that the client should otherwise be liable for claims of lender liability. In such a case, the value of a client's investment could be materially adversely affected.

Structural Subordination. A portfolio company can own some or all of its assets through subsidiaries, which can be pledged in favor of the senior lenders to such subsidiaries. Any proceeds in case of a foreclosure by the senior lender to, winding up of or liquidation of a subsidiary must first be used to cover claims of the senior lenders to such subsidiary. Other creditors also can have

claims to the assets of such subsidiary, which claims can be senior to, *pari passu* with or subordinate to the claims of the related borrower and/or a client. As a result, a client can fail to realize any proceeds from the sale or the liquidation of any such subsidiary's assets in the case of a foreclosure, winding up or liquidation of, or a similar event with respect to, such subsidiary.

Availability of Investment Strategies. The success of the clients' investment and trading activities depends on the ability of the Adviser and Mr. Mudrick to identify overvalued and undervalued investment opportunities that fit the clients' investment objectives. Identification and exploitation of these opportunities involve a high degree of uncertainty. No assurance can be given that the Adviser or Mr. Mudrick will be able to identify suitable investment opportunities in which to deploy all of the clients' capital. Various market factors over which the Adviser has no control may reduce the pool of profitable investment opportunities for clients.

Securities Filings and Restrictions; Risks of Owning Significant Positions. The Adviser may, in its sole discretion, elect to cause certain clients to (i) refrain from entering into a transaction that the Adviser may otherwise have caused such clients to enter into or (ii) sell a given financial instrument that such clients presently hold, if such transaction or the continued ownership of such financial instrument would cause the clients, the Adviser or any of their respective affiliates to make a governmental, regulatory or other public filing in the U.S. or any non-U.S. jurisdiction. Any such election by the Adviser may cause clients to (x) forego an investment opportunity that the Adviser had determined may otherwise generate a profit for such clients and/or (y) incur additional expenses, including without limitation, brokerage and/or legal fees. Further, there may be instances where the nature or size of a client's holdings prohibit it from effecting transactions in a given security during certain periods of time or subject such transactions to increased regulatory and compliance burdens, such as regulatory filings. In some cases, clients may, directly or indirectly, substantially participate in, or attempt to influence the conduct of, the affairs or management of issuers of securities acquired by the clients. These activities may give rise to certain filings and other obligations and may limit the clients' ability to trade. If a client, acting alone or as part of a group, acquires beneficial ownership of more than 10% of a certain class of securities of a public company or places a director on the board of directors of such a company, under Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the client may be subject to certain additional reporting requirements (including reporting of all purchases and sales of such securities) and may be required to disgorge certain short-swing profits arising from purchases and sales of such securities. To avoid the obligation to disgorge such profits, the clients will be required to hold the positions for longer than circumstances may warrant, with the result that the clients may be unable to dispose of a position at a propitious time. Profits may be reduced and losses may result from such an inability to timely dispose of a position. Furthermore, in such circumstances, the client would be prohibited from entering into a short position in such issuer's securities and, therefore, limited in its ability to hedge such investments. Similar restrictions and requirements may apply in non-U.S. jurisdictions.

Additionally, if clients or the Adviser (or one of their affiliates) have a nominee serving on a company's board of directors, they will likely have access to information about the company that is both material and non-public. Until that information is disclosed to the public or is no longer material, the clients will be unable to acquire additional securities of the company or dispose of any portion of the position. This situation could make the position illiquid for an indefinite period

of time and would likely impair the ability of clients to otherwise invest capital or to meet a withdrawal request from an investor.

Hedging Transactions. On behalf of clients, the Adviser expects, at times, to utilize financial instruments, both for investment purposes and for risk management purposes, in order to: (i) protect against possible changes in the market value of the clients' investment portfolios resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the clients' unrealized gains in the value of their investment portfolio; (iii) facilitate the sale of any such investments; (iv) enhance or preserve returns, spreads or gains on any investment in the clients' portfolio; (v) hedge the interest rate or currency exchange rate on any of the clients' liabilities or assets; (vi) protect against any increase in the price of any securities the Adviser anticipates purchasing at a later date; or (vii) for any other reason that the Adviser deems appropriate. Notwithstanding the foregoing, the Adviser will not be required to hedge any particular risk in connection with a particular transaction or the portfolio generally. Hedging techniques involve risks different than those of underlying investments.

The ability of clients to hedge successfully will depend on the Adviser's ability to predict pertinent market movements, which cannot be assured, and to continually recalculate, readjust and execute hedges in an efficient and timely manner. However, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of independent factors not related to currency fluctuations. For a variety of reasons, the Adviser and its affiliates may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being hedged. Such an imperfect correlation may prevent clients from achieving the intended hedge or expose the clients to risk of loss. The Adviser may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high or the magnitude of the risk to be sufficiently large as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. Finally, the daily variation margin requirements in swaps and futures contracts that may be entered into by the Adviser on behalf of clients for the purposes of hedging would create an ongoing greater potential financial risk than would options transactions, where the exposure is limited to the cost of the initial premium and transaction costs paid by the clients.

Legal, Tax and Regulatory Risks. Legal, tax and regulatory developments that may adversely affect clients could occur at any time. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements, other regulators and self-regulatory organizations and exchanges authorized to take extraordinary actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to change by government and judicial actions. The regulatory environment for private funds is evolving, and currently there are numerous legislative and regulatory proposals in the United States, Europe and other countries that could affect clients and their respective trading activities. Changes in the regulation of private funds and their trading activities may adversely affect the ability of clients to pursue their investment strategies, their ability to obtain leverage and financing and the value of investments held by the clients. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. Such scrutiny may increase clients' exposure to

potential liabilities and to legal, compliance and other related costs. Increased regulatory oversight may also impose additional administrative burdens on the Adviser, including, responding to examinations and investigations, implementing new policies and procedures and complying with recordkeeping and reporting obligations. Such burdens may divert the Adviser's time, attention, and resources from portfolio management activities. The Adviser and its clients may also be adversely affected by changes in the enforcement or interpretation of existing laws, rules and regulations by federal, state and non-U.S. agencies, courts, authorities or regulators. It is impossible to predict what, if any, changes in laws and regulations may occur, but any laws and regulations which restrict or limit the ability of clients to trade in securities or the ability of clients to employ (or obtain from brokers and other counterparties) credit in its trading could have a material adverse impact on clients' portfolios.

Clients may also be subject to regulation in jurisdictions in which they engage in business. Investors should understand that clients' businesses are dynamic and are expected to change over time. Therefore, clients may be subject to new or additional regulatory constraints in the future. This brochure cannot address or anticipate every possible current or future regulation that may affect clients, the Adviser, their affiliates or any of their respective businesses. Such regulations may have a significant impact on the investors in, or the operations of, clients, including, without limitation, restricting the types of investments the Adviser may make on behalf of clients, preventing the Adviser from exercising the voting rights of clients with regard to certain financial instruments and requiring clients to disclose the identity of their investors (or such investors' beneficial owners). The Adviser may cause a client to be subject to such regulations if it believes that an investment or business activity which may trigger such regulation is in the client's interest, even if such regulations may have a detrimental effect on one or more investors. Investors are encouraged to consult their own advisors regarding an investment in a client.

Proposed SEC Private Funds Regulation. The SEC has recently proposed a number of new rules and amendments to existing rules under the Advisers Act (the "Proposed Private Funds Rules") including new requirements related to quarterly statements, financial statement audits, prohibited activities and the preferential treatment of certain investors. The Proposed Private Funds Rules include a requirement for detailed quarterly disclosure to investors of private fund performance, fees and expenses (including disclosure of the compensation paid to the adviser and its affiliates) and additional portfolio investment-level disclosure. Advisers would also be prohibited from charging certain types of fees and expenses to private funds or their portfolio companies, seeking reimbursement, indemnification, exculpation, or limitation of liability related to certain actions of the adviser and allocating fees or expenses related to a portfolio investment on a non-pro rata basis among multiple private funds invested in the same portfolio investment. The Proposed Private Funds Rules would also prohibit granting certain types of preferential terms regarding redemption or information about portfolio holdings or exposures to only certain investors entirely (e.g., through side letters) and prohibit granting other preferential terms to only certain investors unless disclosed in writing to current and prospective investors. The SEC has also proposed changes to Form PF (the "Proposed Form PF Amendments") which would, among other things require advisers to private equity funds to gather and report more information regarding fund strategies, use of leverage, fund investments in different levels of a single portfolio company's capital structure, and portfolio company restructurings or recapitalizations. The Proposed Form PF Amendments would also require that advisers report certain events to the SEC

within one business day of their occurrence. A separate cybersecurity rule proposal (the “Proposed Cybersecurity Rules” and together with the Proposed Private Funds Rules and the Proposed Form PF Amendments, the “Proposed Rules”) would require advisers to adopt and implement formal cybersecurity policies, report significant cybersecurity incidents to the SEC, and provide enhanced disclosure of cybersecurity risks and incidents to investors.

The respective final rules adopted by the SEC could (but are not expected to) differ significantly from the Proposed Rules. In any event, there can be no guarantee as to the content of the final versions of the Proposed Rules. If adopted as proposed, the Proposed Rules are expected to increase the cost of operating the Funds and the time and resources that the General Partners, the Adviser and their personnel will be required to devote to reporting and compliance matters. In addition, if adopted as proposed and without the benefit of any “grandfathering” with respect to fund arrangements in place prior to the date of such adoption, the Proposed Rules could require the General Partners to amend each client’s governing documents and/or investment management agreement in order to comply with the Proposed Rules. The effect of the Proposed Rules on the Funds, the General Partners, the Adviser, their personnel or any of their respective affiliates could be substantial and adverse.

MiFID II. The Markets in Financial Instruments Directive II, 2014/65/EU and the Markets in Financial Instruments Regulation, Regulation 600/2014 (together, “MiFID II”) were published in the Official Journal of the European Union on 12 June 2014, and the majority of their provisions have applied from January 3, 2018. MiFID II repeals and recasts the Markets in Financial Instruments Directive, and introduces a number of new requirements applicable to European Union investment firms, trading venues and third-country firms providing investment services or activities in the European Union (“EU”). MiFID II does not apply directly to the Adviser or the clients but may indirectly impact the Adviser or the clients where a client enters into a trading relationship with an EU investment firm and/or trades on EU regulated exchanges or other markets primarily regulated by EU regulators. The potential indirect impact of MiFID II on the Adviser and the clients depends on a number of factors, and the Adviser and/or the clients may be subject to certain obligations or constraints as a result of MiFID II. Such constraints may have an impact on the operations of the clients.

Employee Misconduct. The Adviser’s reputation is critical to maintaining and developing relationships with existing and prospective investors, as well as with the numerous third parties with which the Adviser, its affiliates and clients do business. In recent years, there have been a number of highly publicized cases involving fraud, conflicts of interest or other misconduct by individuals in the financial services industry, and there is a risk that an employee of or contractor to the Adviser or any of its affiliates could engage in misconduct that adversely affects the investment strategies implemented by the Adviser. It is not always possible to deter such misconduct, and the precautions the Adviser takes to detect and prevent such misconduct may not be effective in all cases. Misconduct by an employee of or contractor to the Adviser or its affiliates, or even unsubstantiated allegations of such misconduct, could result in both direct financial harm to the Adviser and the clients, as well as harm to the reputations of the Adviser and the clients, which would have a materially adverse effect on the clients.

Future Investment Techniques and Instruments. The Adviser may employ other investment techniques and invest in other instruments that the Adviser believes will help achieve a client's investment objectives, whether or not such investment techniques or instruments are specifically described herein. Such investment techniques and investments may entail risks not described herein.

Side Pocket Investments. For those Funds that allow side pockets, to the extent that an investment has been designated a Side Pocket Investment or is otherwise illiquid, the Fund may be required to delay payment of a portion of the amount otherwise being withdrawn by a withdrawing investor who participates in such Side Pocket Investment or to limit the amount being withdrawn. Even if the Fund is able to fully fund the withdrawal, there may be difficulties in valuing the withdrawing investor's interest.

Anti-Money Laundering. If a Fund, the Administrator and/or any governmental agency believes that any clients have accepted subscriptions by, or are otherwise holding assets of, any person or entity that is acting directly or indirectly, in violation of U.S., international or other anti-money laundering laws, rules, regulations, treaties or other restrictions, or on behalf of any suspected terrorist or terrorist organization, suspected drug trafficker, or senior foreign political figure(s) suspected in engaging in foreign corruption, the Fund, the Administrator and/or such governmental agency may freeze the assets of such person or entity invested in such clients or suspend their redemption rights. The clients may also be required to report and to remit or transfer those assets to a governmental agency.

Private Offering Exemption. Funds generally intend to offer interests without registration under any securities laws in reliance on an exemption for "transactions by an issuer not involving any public offering." While the Adviser believes reliance upon such exemption is justified, there can be no assurance that factors such as the manner in which offers and sales are made, concurrent offerings by other companies, the scope of disclosure provided, failures to make notices, filings or changes in applicable laws, regulations or interpretations will not cause a Fund to fail to qualify for such exemptions under U.S. federal or one or more states' securities laws. Failure to so qualify could result in the rescission of sales of interests at prices higher than the current value of those interests, potentially materially and adversely affecting such Fund's performance and business. Further, even non-meritorious claims that offers and sales of interests were not made in compliance with applicable securities laws could materially and adversely affect the Adviser ability to conduct the Funds' business and thus the return to investors.

Non-U.S. Investments. The Adviser expects, regularly or from time to time, to cause clients to invest in non-U.S. securities or U.S. securities denominated in non-U.S. currencies and/or traded outside of the United States. Such investments require consideration of certain risks typically not associated with investing in U.S. securities or property. Such risks include, among others, trade balances and imbalances and related economic policies, unfavorable currency exchange rate fluctuations, imposition of exchange control regulation by the United States or non-U.S. governments, United States and non-U.S. withholding taxes, limitations on the removal of funds or other assets, policies of governments with respect to possible nationalization of their industries, political difficulties, including expropriation of assets, confiscatory taxation and economic or political instability in foreign nations.

There may be less publicly available information about certain foreign companies than would be the case for comparable companies in the United States and certain foreign companies may not be subject to accounting, auditing and financial reporting standards and requirements comparable to or as uniform as those of U.S. companies. Securities markets outside the United States, while growing in volume, have for the most part substantially less volume than U.S. markets, and many securities traded on these foreign markets are less liquid and their prices more volatile than securities of comparable U.S. companies. In addition, settlement of trades in some non-U.S. markets is slower and more susceptible to failure than in U.S. markets. There also may be less extensive regulation of the securities markets in particular countries than in the United States. These risks may be greater for companies in emerging markets.

Additional costs could be incurred in connection with clients' international investment activities. Foreign brokerage commissions generally are higher than in the United States. Expenses also may be incurred on currency exchanges when the Adviser changes client investments from one country to another. Increased custodian costs as well as administrative difficulties (such as the applicability of foreign laws to foreign custodians in various circumstances, including bankruptcy, ability to recover lost assets, expropriation, nationalization and record access) may be associated with the maintenance of assets in foreign jurisdictions.

Foreign Exchange Risk. A portion of clients' assets may be invested in equity securities denominated in currencies other than the U.S. dollar and in other financial instruments, the price of which is determined with reference to currencies other than the U.S. dollar. Clients, however, value their securities and other assets in U.S. dollars. To the extent unhedged, the value of the clients' assets will fluctuate with U.S. dollar exchange rates as well as with price changes of the clients' investments in the various local markets and currencies. The Adviser may utilize options and other instruments to hedge against currency fluctuations but there can be no assurance that such hedging transactions will be effective.

Counterparty Risk. Some of the markets in which the Adviser may effect transactions on behalf of its clients are "over-the-counter" ("OTC") or "interdealer" markets. The participants in such markets are typically not subject to the credit evaluation and regulatory oversight to which members of "exchange-based" markets are subject. To the extent the Adviser invests in over-the-counter transactions on these markets, the clients may take a credit risk with regard to counterparties and may also bear the risk of settlement default. These risks may differ materially from those entailed in exchange-traded transactions, which generally are backed by clearing organization guarantees, daily marking-to-market and settlement, and segregation and minimum capital requirements applicable to intermediaries. Transactions entered into directly between two counterparties generally do not benefit from such protections. Such transactions expose clients to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem. In such events, the clients may bear a loss in connection with the relevant transaction. Such "counterparty risk" is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the clients have concentrated their transactions with a single or small group of counterparties. The Adviser generally is not restricted from dealing with any particular counterparty on behalf of a client or from concentrating any or all of their transactions with one counterparty. The ability of the Adviser to cause clients to transact

business with any one or number of counterparties, the lack of any independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by such clients.

General Economic and Market Conditions. The success of the Adviser's activities on behalf of clients will be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the clients' investments), trade barriers, currency exchange controls, pandemics and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of securities prices and the liquidity of the clients' investments. Volatility or illiquidity could impair the clients' profitability or result in losses. The Adviser may maintain substantial trading positions that can be adversely affected by the level of volatility in the financial markets; the larger the positions, the greater the potential for loss.

The economies of non-U.S. countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and balance of payments position. Further, certain non-U.S. economies are heavily dependent upon international trade and, accordingly, have been and may continue to be adversely affected by trade barriers, exchange controls, managed adjustments in relative currency values and other protectionist measures imposed or negotiated by the countries with which they trade. The economies of certain non-U.S. countries may be based, predominantly, on only a few industries, may be vulnerable to changes in trade conditions or may have higher levels of debt or inflation.

Inflation. Companies in which the clients invest could be sensitive to general downward swings in the global economy, including periods of sustained, elevated inflation such as the inflation in the United States, Europe which has risen to levels not experienced in recent decades. While it is not possible to determine whether these inflationary factors are transitory or should be expected to continue over a medium or long term, inflation and rapid fluctuations in inflation rates have had and could continue to have negative effects on the economies and securities markets (both public and private) of certain countries in which the clients may make investments. High rates of inflation could have an adverse impact on the clients' investments and therefore on the clients.

In addition, actions by the U.S. Federal Reserve and other central bankers should be expected to have a significant effect on interest rates and on the U.S. and world economies generally, which in turn could affect the performance of the clients' investments. In addition, there is significant concern in macroeconomic terms about the general levels of indebtedness carried by certain governments. While bringing with it a range of issues, one of the consequences of an extended period of a higher-than-desired level of inflation is often to erode in real terms the value of government debt in a manner that reduces the economic cost in real terms of their payment obligations on such debt. This element of debt erosion will create an incentive for governments to be less robust in seeking to deal with inflation than might otherwise have been the case had the government concerned not suffered from a high level of indebtedness. If such inflation occurs it would have the negative consequences for the clients' investments set out above.

Further financial crises could result in additional governmental intervention in the markets. In addition, the consequences of the extensive changes to the regulation of various markets and market participants contemplated by the legislation and increased regulation arising out of the financial crisis are difficult to predict or measure with certainty.

Conflict in Ukraine. Russia launched a large-scale invasion of Ukraine on February 24, 2022 and, in response, the United States, the European Union and other governments have imposed economic sanctions on certain Russian individuals, including Russian government officials and other government-linked individuals, and Russian corporate entities and financial institutions, banned certain Russian financial institutions from global payments systems that facilitate cross-border payments and have taken other economic and political measures. It is possible that such governments could institute broader sanctions or impose other economic and political measures on Russia, which could result in the immediate freeze of Russian securities and/or funds invested in prohibited assets and/or other consequences. The extent and duration of the military action, the possibility of the conflict expanding beyond Ukraine and Russia, and resulting sanctions and other economic and political measures and future market disruptions in the region and worldwide are impossible to predict, but could be significant and have a severe adverse effect on the region and collateral effects globally, including significant negative impacts on the global economy and the markets for certain securities and commodities, such as oil and natural gas, as well as other sectors. Such effects and impacts could have a material adverse effect on clients and their portfolio investments.

Futures. The Adviser may cause clients to trade in futures contracts (and options on futures). Futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits”. Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. This could prevent Adviser from promptly liquidating unfavorable positions and subject the clients to substantial losses. In addition, the Adviser may not be able to execute futures contract trades at favorable prices if little trading in the contracts involved is taking place. It also is possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only.

Leverage and Financing Risk. The Adviser may cause clients to leverage their capital because the Adviser believes that the use of leverage may enable the clients to achieve a higher rate of return. Accordingly, the clients will pledge their securities to the lender in order to borrow additional funds for investment purposes. The Adviser may also leverage client investment returns with options, commodity futures contracts, short sales and swaps. The amount of borrowings which the clients may have outstanding at any time may be substantial in relation to their capital.

While leverage presents opportunities for increasing clients’ total return, it has the effect of potentially increasing losses as well. Accordingly, any event which adversely affects the value of an investment by clients would be magnified to the extent the clients are leveraged.

In general, the anticipated use of short-term margin borrowings results in certain additional risks to clients. For example, should the securities pledged to brokers to secure the clients’ margin

accounts decline in value, the clients could be subject to a “margin call”, pursuant to which the clients must either deposit additional funds or securities with the broker, or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden drop in the value of the clients’ assets, the clients might not be able to liquidate assets quickly enough to satisfy margin requirements.

The financing used by clients to leverage their portfolios will be extended by securities brokers and dealers in the markets in which the clients invest. While the clients will attempt to negotiate the terms of these financing arrangements with such brokers and dealers, their ability to do so is limited. Clients are therefore subject to changes in the value that the broker-dealer ascribes to a given security or position, the amount of margin required to support such security or position, the borrowing rate to finance such security or position and/or such broker-dealer’s willingness to continue to provide any such credit to the clients. If clients do not currently have an alternative credit facility which could be used to finance their portfolios in the absence of financing from broker-dealers, they could be forced to liquidate their portfolios on short notice to meet financing obligations. The forced liquidation of all or a portion of clients’ portfolios at distressed prices could result in significant losses to the clients.

Lastly, the closed-end Funds also may enter (and one currently has entered) into a credit facility, which may be utilized, for among other purposes, to bridge capital calls and/or closings or to defer capital calls. As a result, investors in the closed-end Funds should be aware that while they may not be required to make capital contributions to those Funds for extended periods of time, they will nonetheless bear Management Fees and be subject to investment risk with respect to those Funds’ activities during any such periods.

Derivative Instruments Generally. The Adviser expects, regularly or from time to time, to cause certain clients to invest in certain derivative instruments, or “derivatives,” including, but not limited to, options, total return swaps, interest rate swaps, credit default swaps (“CDS”), forwards, indices and other derivatives thereon, and in other instruments and contracts that are derived from and are valued in relation to one or more underlying securities, commodities, events, financial benchmarks, currencies or indices. Derivatives typically allow an investor to hedge or speculate upon the price movements of the underlying asset at a fraction of the cost of acquiring, borrowing or selling short the underlying asset. The value of a derivative depends largely upon price movements in the underlying asset. Therefore, many of the risks applicable to trading the underlying asset are also applicable to derivatives trading, including risks relating to interest rates, taxes, changing supply and demand relationships, policies of governments and national and international political and economic events. However, there are a number of additional risks associated with derivatives trading. For example, because many derivatives are “leveraged,” and thus provide significantly more market exposure than the money paid or deposited when the transaction is entered into, a relatively small adverse market movement can not only result in the loss of the entire investment, but may also expose the client to the possibility of a loss exceeding the original amount invested. Derivative instruments may not always be liquid, so that in volatile markets, the client may not be able to close out a position without incurring a loss. Daily limits on price fluctuations and speculative position limits on exchanges on which the client may conduct its transactions in derivative instruments may prevent profitable liquidation of positions, potentially subjecting the client to greater losses. In addition, in swap transactions, because the client would not have a contractual relationship with the

issuer of the underlying reference obligation, the client would generally not have the benefit of voting rights or the collateral supporting the reference obligation and the liquidity of the swap may be constrained in certain cases pursuant to contract and the swap counterparty's ability and willingness to novate, close, or otherwise modify the trade. Transactions in certain derivatives are subject to mandatory clearing and exchange trading requirements and to regulatory oversight, while other derivatives are subject to risks of trading in the OTC markets or on non-U.S. exchanges. More derivatives may become subject to these mandatory clearing and exchange trading requirements in the future.

Options. The Adviser expects, regularly or from time to time, to cause certain clients to buy or sell (write) both call options and put options, and when they write options they may do so on a "covered" or an "uncovered" basis. The clients' options transactions may be part of a hedging tactic (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which the clients have the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that could be substantial, depending on the circumstances.

In general, the principal risks involved in options trading are as described as below, without taking into account other positions or transactions a client may enter into. When a client buys an option, a decrease (or inadequate increase) in the price of the underlying security in the case of a call, or an increase (or inadequate decrease) in the price of the underlying security in the case of a put, could result in a total loss of a client's investment in the option (including commissions). A client could mitigate those losses by selling short or buying puts on the securities as to which they hold call options or taking a long position in or buying calls on securities underlying put options.

When a client sells (writes) an option, the risk can be substantially greater than when it buys an option. The seller of an uncovered call option bears the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price. The risk is theoretically unlimited unless the option is "covered." If it is covered, a client would forego the opportunity for profit on the underlying security should the market price of the security rise above the exercise price. If the price of the underlying security were to drop below the exercise price, the premium received on the option (after transaction costs) would provide profit that would reduce or offset any loss a client might suffer as a result of owning the security.

The seller of an uncovered put option theoretically could lose an amount equal to the entire aggregate exercise price of the option less the option proceeds, if the underlying security were to become valueless. If the option were covered with a short position in the underlying security, this risk could be reduced, but a client would forego the opportunity for profit on the underlying short position should the market price of the security fall below the exercise price. If the price of the underlying security were to increase above the exercise price, the premium on the option (after transaction costs) would provide profit that would reduce or offset any loss a client might suffer in closing out a short position.

Swap Agreements. Generally, the Adviser may cause clients to make use of swap agreements, including equity swaps (for certain clients). A swap is a contract under which two parties agree to make periodic payments to each other based on the value of a security, specified

interest rates, an index or the value of some other instrument, applied to a stated or “notional” amount. An equity swap is a customized derivative instrument that entitles the counterparty to certain payments on the gain or loss on the value of an underlying equity security. Swaps are subject to various types of risk, including market risk, liquidity risk, counterparty credit risk, legal risk and operations risk.

Forward Trading. The Adviser may cause clients to enter into forward contracts or options thereon that are not traded on exchanges and not standardized. Rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Such contracts may be primarily forward interest rate or currency hedging contracts. Forward and “cash” trading is substantially unregulated; there are no limitations on daily price movements and speculative position limits are not applicable. Banks and other dealers with which clients maintain accounts may require the clients to deposit margin with respect to such trading, although margin requirements are often minimal or nonexistent. The clients’ counterparties are not required to continue to make markets in such contracts and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain counterparties have refused to continue to quote prices for forward contracts or have quoted prices with an unusually wide spread (the price at which the counterparty is prepared to buy and that at which it is prepared to sell). Arrangements to trade forward contracts may be made with only one or a few counterparties, and liquidity problems therefore might be greater than if such arrangements were made with numerous counterparties. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of credit controls by governmental authorities might also limit such forward trading to less than the amount that the Adviser would otherwise recommend, to the possible detriment of clients. Market illiquidity or disruption could result in significant losses to clients.

Illiquidity and Credit Risk of Derivative Instruments and OTC Trading. The Adviser may cause clients to enter into transactions (including for purposes of hedging) involving privately negotiated OTC derivative instruments, including, among others, interest rate, volatility, foreign currency, equity and equity index swaps, total return swaps, OTC options and forward contracts on securities, security indices and foreign currencies. There can be no assurance that a liquid secondary market will exist for any particular derivative instrument at any particular time. Although OTC derivative instruments are designed 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. OTC derivative instruments, unlike exchange-traded instruments, are not guaranteed by an exchange or clearinghouse and thus are generally subject to greater credit risks and the possibility of nonperformance by the counterparty. Derivative instruments that may be purchased or sold by clients may include instruments not traded on an exchange. The risk of nonperformance by the obligor on such an instrument may be greater than the risk associated with an exchange-traded instrument. Clients may also not be able to dispose of, or enter into a closing transaction with respect to, such an instrument as easily as in the case of an exchange traded instrument. In addition, significant disparities may exist between “bid” and “asked” prices for derivative instruments that are not traded on an exchange.

Cryptocurrencies. An increasing number of retail and institutional investors are investing in cryptocurrencies and similar decentralized digital assets (“Cryptocurrencies”) (e.g., bitcoin), including through the use of derivatives and leveraged positions. Accordingly, the market for Cryptocurrencies is becoming increasingly connected to the traditional financial markets, including the public equities market in which certain clients invest. The increased interconnectedness of these markets, together with the high volatility and illiquidity of many Cryptocurrencies, has led some prominent economists to state publicly that Cryptocurrencies may now, or may in the future, be systemically important, to the point where the volatility and illiquidity of such Cryptocurrencies may pose a systemic risk to the broader financial system, beyond the market for Cryptocurrencies, which may extend to the public equities market in which certain clients invest. Such risks may materialize even if Cryptocurrencies do not reach the point of widespread adoption—for example, as a medium of exchange or for some other functional utility. As a result, even though the Adviser does not expect the clients to invest directly into Cryptocurrencies, clients may be exposed to the performance of Cryptocurrencies, and the clients’ performance may be harmed by changes in the Cryptocurrency markets.

Investments in Convertible Securities. The Adviser expects, regularly or from time to time, cause certain clients to invest a portion of their capital in convertible securities. Convertible securities are bonds, debentures, notes, preferred stock and other securities that may be converted into or exchanged for a specified amount of common stock of the same or different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. Convertible securities have unique investment characteristics, in that they generally: (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities; (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed-income characteristics; and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases.

A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security’s governing instrument. If a convertible security held by clients is called for redemption, the clients will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on clients’ ability to achieve their investment objectives.

Highly Volatile Markets. The prices of securities or financial instruments in which clients may invest can be highly volatile. Price movements of futures and other derivative contracts in which the clients’ assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchanges control programs and policies of governments, and national and international political and economic events and policies. Clients also are subject to the risk of the failure of any of the exchanges on which their positions trade or of their clearinghouses.

Short Selling. The Adviser may engage in short selling on behalf of certain clients, depending upon that client’s investment strategy and opportunities. Short selling involves selling securities that may or may not be owned by the seller and borrowing the same securities for

delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which clients engage in short sales will depend upon the clients' investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the clients of buying those securities to cover the short position. There can be no assurance that the clients will be able to maintain the ability to borrow securities sold short. In such cases, clients can be "bought in" (i.e., forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Loans of Portfolio Securities. The Adviser is able to cause certain clients to lend their portfolio securities. In the event of the bankruptcy of the other party to a securities loan, clients could experience delays in recovering the loaned securities. To the extent that the value of the securities the Adviser has lent on behalf of a client has increased, such client could experience a loss if such securities are not recovered.

Exposure to Material Non-Public Information. Each of the Adviser, the clients, their affiliates and their respective members, officers, directors, employees or principals may come into possession of material nonpublic information. The possession of such information may limit the ability of clients to buy or sell a security or otherwise to participate in an investment opportunity or restrict the ability of clients to receive information with respect to certain opportunities. Further, in the current environment, there is an increased risk of insider trading enforcement actions in a variety of jurisdictions and by a number of regulators. Even in the absence of wrongdoing, any such enforcement activity, or regulatory investigations in connection with a potential enforcement action, could have a material adverse effect on the Adviser, the clients or their respective affiliates. The boundaries of the laws applicable to insider trading and practices relating to insider trading enforcement are continuing to evolve, which may impact clients' trading activities in ways that are unexpected.

Accuracy of Public Information. The Adviser selects investments for clients, in part, on the basis of information and data filed by issuers of securities with various government regulators or made directly available to the Adviser by such issuers or through sources other than such issuers. Although the Adviser will generally evaluate all such information and data and, when the Adviser considers it appropriate and when it is reasonably available, seek independent corroboration, the Adviser is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases, complete and accurate information is not available. Investments may not perform as expected if information is inaccurate.

Special Situations. The Adviser may cause clients to invest in companies involved in (or that are the target of) acquisition attempts or tender offers or in companies involved in workouts, liquidations, spin-offs, reorganizations, bankruptcies and other similar circumstances. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction will be unsuccessful, take considerable time or result in a distribution of

cash or a new security, the value of which is less than the purchase price of the original security or other financial instrument. Similarly, if an anticipated transaction or reorganization does not in fact occur, the clients may be required to sell their investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving companies in which clients may invest, such clients face the possibility of substantial losses.

Control Person Liability. In certain circumstances, the Adviser may cause clients (or a group of investors to which the clients may be treated as belonging) to hold controlling interests in or the ability to significantly influence a portfolio company. The exercise of control of, or significant influence over, such a portfolio company may impose additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations (including securities laws) or other types of liability in which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to arise, the clients might suffer a significant loss.

Investments in Non-Exchange Traded Equity Securities. The Adviser may cause clients to invest in non-exchange traded equity securities (e.g., private investments in public equity (“PIPEs”) or the Jumpstart Our Business Startups Act (“JOBS Act”) offerings of private companies). In any investment opportunity involving non-exchange traded equity securities, there exists the risk of less liquidity, less regulation and less available information than in other types of transactions. Because there is greater uncertainty concerning such transactions, the clients face a possibility of substantial losses as a result of such risks. For example, if other investors find such investment opportunities less attractive because of reduced disclosure requirements, there may be a less active trading market and the securities of such company may be more volatile and less liquid.

ITEM 9
DISCIPLINARY INFORMATION

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

ITEM 10
OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

A. Broker-Dealer Registration Status.

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

B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status.

The Adviser and its management persons are not registered as, and do not have any application pending to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities.

C. Material Relationships or Arrangements with Industry Participants.

The Adviser does not, but may in the future, recommend from time to time for clients to make investments in the Funds or in any additional funds or products.

Mudrick GP, LLC, Verto Direct Opportunity GP, LLC, Mudrick Distressed Opportunity Drawdown Fund GP, LLC, Mudrick Distressed Opportunity Drawdown Fund II GP, LLC, Mudrick Stressed Credit Fund GP, LLC, Mudrick Distressed Opportunity 2020 Dislocation Fund GP, LLC, Mudrick Distressed Opportunity SIF GP, LLC and Mudrick Opportunity Co-Investment Fund GP, LLC, the general partners of various Funds and affiliates of the Adviser, are each responsible for the business and affairs of certain Funds. Mudrick Special Member, LLC, an affiliate of the Adviser, is a sub-adviser to a private fund formed to invest in the securities of a single issuer.

As described above in Item 4.B.1, the Adviser has formed the UK Affiliate for purposes of conducting regulated activities in the UK, including investment or research activities, marketing activities or performing other functions. Mudrick Capital Management (UK) Ltd is as an Appointed Representative of Kroll Securities Ltd. (FCA Number: 466588), which is authorized and regulated by the FCA.

D. Material Conflicts of Interest Relating to Other Investment Advisers.

The Adviser does not recommend or select other investment advisers for its clients.

ITEM 11
CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS
AND PERSONAL TRADING

A. Code of Ethics.

The Adviser has adopted a code of ethics (“Code of Ethics”), which is designed to (i) foster compliance with applicable federal statutes and regulatory requirements, (ii) minimize circumstances that may lead to or give the appearance of conflicts of interest with clients, insider trading, or unethical business conduct as well as (iii) promote a culture of high ethical standards. Among other things, the Code of Ethics governs personal securities trading by the Adviser’s personnel. Employees of the Adviser generally may not purchase any single-name corporate equity or debt security, though employees are permitted to trade securities such as exchange-traded funds (ETFs), open-ended mutual funds, money market instruments, and U.S. Treasury securities. If any employee has any direct or indirect beneficial ownership in any non-excepted security as of the date he or she joined the Adviser, any sale of that security thereafter must be cleared, in advance and in writing, by the Adviser’s Chief Compliance Officer. Spouses of Employees are permitted to purchase or sell single-name corporate equity or debt securities with preclearance, in advance and in writing, by the Adviser’s Chief Compliance Officer. Employees must also pre-clear transactions in various types of limited offerings. In addition, the Code of Ethics requires employees to disclose their personal securities holdings and transactions to the Adviser on a regular basis.

The Adviser also maintains insider trading policies and procedures (the “Insider Trading Policies”) that are designed to prevent the misuse of material, non-public information.

The Adviser’s personnel are required to certify their compliance with the Code of Ethics, and the Insider Trading Policies, on a regular basis.

The Adviser’s Insider Trading Policies prohibit the Adviser and its personnel from trading for clients or themselves, or recommending trading, in securities of a company while in possession of restricted material, non-public information about the relevant issuer in violation of the law (“Inside Information”). By reason of its various activities, the Adviser may become privy to Inside Information or be restricted from effecting transactions in investments that might otherwise have been initiated. The Adviser has designed and implemented policies in order to comply with the requirements of the federal securities laws relating to insider trading. Among other things, those policies and procedures seek to control and monitor the flow of Inside Information (if any) to and within the Adviser, as well as prevent trading on the basis of Inside Information in violation of the law.

Clients and prospective clients may request a copy of the Code of Ethics by contacting the Adviser at the address or telephone number listed on the first page of this document.

B. Securities in which the Adviser or a Related Person Has a Material Financial Interest.

1. **Cross Trades**

On occasion and to the extent permitted by law and as deemed advisable by the Adviser, the Adviser may effect rebalancing or internal “cross” transactions between clients. In such cases, one client will purchase securities or other financial instruments held by one or more of the other clients or will sell securities or other financial instruments to one or more of the other clients. The Adviser may enter into such cross transactions on behalf of the clients for liquidity, portfolio rebalancing or other reasons. Any such transactions will be conducted in accordance with, and subject to, the Adviser and/or its affiliates’ fiduciary obligations to each client, as applicable. The terms of any such cross transactions will be commercially reasonable and will be based on the then current market price and consistent with valuation procedures established by the Adviser. Neither the Adviser nor any of its affiliates receive special fees or other compensation in connection with “cross” transactions. While these transactions are reviewed for their arm’s length nature, they may ultimately be materially more beneficial to one of the parties to such cross trade or transaction than to the other.

These cross transactions generally will be effected using third-party brokers. Expenses incurred in connection with such cross transactions will be allocated equitably in the sole discretion of the Adviser between the clients that are parties to the cross transaction. In connection with such cross transactions, the Adviser may seek to negotiate certain discounts (in the form of reduced bid/ask spreads, commissions or otherwise) with the third-party brokers executing such trades. In such cases, the benefits from such negotiation will be shared among participating accounts in a manner that the Adviser deems equitable to all participating accounts.

From time to time, the Adviser may sell a portion of an asset representing an outsized position out of one client to a purchaser who subsequently establishes a separately managed account with the Adviser to manage that asset. Any such transactions will be done in accordance with the Adviser’s fiduciary duties, and will be transacted at the then current market price of the asset and consistent with valuation procedures established by the Adviser.

2. **Principal Transactions**

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

C. Investing in Securities that the Adviser or a Related Person Recommends to Clients.

See Item 11(A) for a description of the Adviser’s personal trading policy.

D. Conflicts of Interest Created by Contemporaneous Trading.

1. Allocations of Trades and Investment Opportunities

It is the policy of the Adviser to allocate investment opportunities fairly and equitably over time. This means that these opportunities will be allocated among those clients for which participation in the respective opportunity is considered appropriate, taking into account, among other considerations (a) whether the risk-return profile of the proposed investment is consistent with the account's investment objectives, whether these objectives are considered (i) solely in light of the specific investment under consideration or (ii) in the context of that account's overall holdings; (b) the potential for the proposed investment to create an imbalance in the account's portfolio; (c) liquidity requirements of the account or anticipated cash flows into the account; (d) tax considerations; (e) regulatory restrictions that would or could limit an account's ability to participate in a proposed investment; and (f) the need to re-size risk in the account's portfolio. These considerations may result in allocations among the clients on other than a *pari passu* basis or, with respect to *pari passu* allocations, on a basis other than *pro rata* based on assets under management of the participating clients.

2. Order Aggregation and Average Pricing

The Adviser may, but is not obligated to, bunch orders for the purchase or sale of the same securities for the clients, where the Adviser deems this to be appropriate, in the best interests of client accounts and consistent with applicable regulatory requirements. When a bunched order is filled in its entirety, each participating client account, including a Fund, participates at the average price for the bunched order on the same business day, and transaction costs are shared *pro rata* based on each client's participation in the bunched order. When a bunched order is only partially filled, the securities purchased are allocated on a *pro rata* basis to each client participating in the bunched order based upon the initial amount requested for the client, subject to certain exceptions, and each participating client participates at the average share price for the bunched order on the same business day.

ITEM 12

BROKERAGE PRACTICES

A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions.

As noted previously, the Adviser has full discretionary authority to manage the investments of the client accounts, including the authority to make decisions with respect to which securities are bought and sold (subject to any investment restrictions or objectives applicable to that client account), the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or mark-ups or mark-downs paid.

It is the Adviser's policy to place trades for execution for the clients with broker-dealers on the basis of seeking best execution and in consideration of relevant factors, including, but not limited to: price quotes; commission rates and overall cost of execution; the size of the transaction and ability to find liquidity; the broker-dealer's promptness of execution; confidentiality considerations; the nature of the market for the financial instrument; the timing of the transaction; the difficulty of execution; the broker-dealer's expertise in the specific financial instrument or sector in which the clients seek to trade; the extent to which the broker-dealer makes a market in the financial instrument involved or has access to those markets; the broker-dealer's skill in positioning the financial instruments involved; the broker-dealer's financial stability; the broker-dealer's reputation for diligence, fairness and integrity; the quality of service rendered by the broker-dealer in other transactions for the Adviser; the quality and usefulness of brokerage and research services and investment ideas presented by the broker-dealer or third parties; the broker-dealer's willingness to correct errors; the broker-dealer's ability to accommodate any special execution or order handling requirements that may surround the particular transaction; and other factors deemed appropriate by the Adviser. In addition, the Adviser may place brokerage orders with certain brokers or dealers that act as placement agent for a client or otherwise refer investors to a Fund, but will only do so if such brokers or dealers are deemed qualified to provide best execution.

The Adviser will select and approve broker-dealers to execute client transactions based on a totality of circumstances, including any or all of the factors outlined above or other factors. This means that a broker-dealer offering the most favorable commission or spread may not always be selected to execute a particular transaction. The Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost.

The securities transactions of the Adviser's clients are expected to generate a substantial amount of brokerage commissions, mark-ups and mark-downs, all of which will be obligations of the clients and not the Adviser. In addition to using brokers as "agents" and paying commissions, the Adviser may direct a client to buy or sell securities directly from or to dealers acting as principal at prices that include mark-ups or mark-downs, and may buy securities from underwriters or dealers in public offering that include compensation to the underwriters and dealers.

1. Research and Other Soft Dollar Benefits.

The Adviser has not in the past, but may in the future cause its clients to pay a broker or dealer, which provides eligible brokerage and research services that benefit the Adviser, commission rates that are more costly than “execution only” rates; but only if (i) the Adviser determines in good faith that the amount is reasonable in relation to the services in terms of the particular transaction or in terms of the Adviser’s overall responsibilities with respect to the accounts as to which it exercises investment discretion, (ii) payment is made in compliance with the provisions of Section 28(e) of the Exchange Act, other applicable state and federal laws and each client’s respective governing documents (or investment management agreement) and (iii) in the opinion of the Adviser, the total commissions paid by each client will be reasonable in relation to the benefits to that client over the long term. The performance allocation and the management fee will not be reduced as a result of the receipt by the Adviser of such research services, if applicable. The brokerage and research services provided may not be used solely for the clients and accounts which generated the brokerage commissions, but may be used to service all of the Adviser’s clients. The Adviser is not required to allocate the benefits provided with a particular soft dollar expenditure to a particular client and may not do so. Although the Adviser seeks best execution of all transactions, obtaining research and services by means of soft dollars represents a conflict of interest since it enables the Adviser to receive research and services that it might otherwise have had to purchase or produce with its own assets. Nonetheless, the Adviser believes that such investment information would provide each client with benefits by supplementing the research otherwise available to such client.

Generally, research services provided by brokers may include written information and analyses concerning specific securities, companies, industries or sectors; news, quotation, statistics and pricing services; discussions with research personnel; invitations to attend conferences or meetings or discussions with research analysts, management teams or industry consultants; reports on particular industries and companies; macroeconomic or industry periodical subscriptions; analysis on accounting and tax interpretations, political developments and legal developments affecting portfolio securities; market reports; pricing and appraisal services; credit, risk measurement and performance analysis; and analysis of corporate responsibility issues. Research services may be received in the form of written reports, telephone contacts, and meetings with security analysts. In addition, these research services may be provided in the form of access to various computer-generated data and computer software. In some cases, research services are generated by third parties. In these circumstances, research prepared by a third party other than the broker who executed the transaction must be “provided by” a broker-dealer that is involved in “effecting” the trade for an account managed by the Adviser. For purposes of the Section 28(e) safe harbor, a broker-dealer is involved in “effecting” a trade where (i) it executes, clears or settles the trade, or (ii) performs at least one of the following four functions: (a) assumes financial responsibility for all customer trades until the clearing broker-dealer has received payment (or securities) (i.e., is at risk for the customer’s failure to pay); (b) makes and/or maintains records relating to customer trades required by the SEC and self-regulatory organizations; (c) monitors and responds to customer comments concerning the trading process; or (d) generally monitors trades and settlements. For purposes of the Section 28(e) safe harbor, a broker-dealer “provides” research where it either: (i) is legally obligated to pay for the research or (ii) where a broker-dealer is not legally obligated to pay for the research, it (a) pays the research preparer directly, (b) reviews the description of the product or service for red flags that indicate the services are not within the safe harbor and agrees with the Adviser to use commissions only to pay for those items that

reasonably fall within the safe harbor; and (c) implements procedures to ensure that research payments are documented and paid for promptly.

If less than 100% of a product or service is used for assistance in the Adviser's decision-making process, the Adviser will consider the product as a "mixed-use" product. With mixed-use products, the Adviser will make a good faith allocation between the research and non-research benefits and will use commissions to pay for only that portion of the product used by the Adviser to formulate investment decisions and will use its own funds to pay for the portion of the product that is used for non-research purposes. With respect to "mixed-use" products, in making good faith allocations of costs between research and non-research benefits, a conflict of interest may exist by reason of the Adviser's allocation of the costs of these benefits and services between those that primarily benefit the Adviser and those that primarily benefit its clients. The Adviser may share research with its affiliates, including the General Partners. The Adviser may have an incentive to select or recommend a broker-dealer based on the Adviser's interest in receiving the research or other products or services, rather than on clients' interest in receiving most favorable execution.

2. Brokerage for Client Referrals.

The Adviser does not consider, in selecting or recommending broker-dealers, whether the Adviser or a related person receives client referrals from a broker-dealer or third party. However, as discussed above, subject to best execution, the Adviser may consider, among other things, capital introduction and marketing assistance with respect to investors in the Funds in selecting or recommending broker-dealers for the Funds.

3. Directed Brokerage.

The Adviser does not recommend, request or require that a client direct the Adviser to execute transactions through a specified broker-dealer.

In accordance with SEC guidance relating to Section 28(e), where a broker-dealer involved in "effecting" trades performs only one of the four minimum related functions specified by the SEC, it must take steps to see that the other functions have been reasonably allocated to another broker-dealer in the arrangement in a manner consistent with its obligations under SEC or SRO rules.

B. Order Aggregation.

Please see Item 11(D) for a description of the Adviser's order aggregation procedures.

ITEM 13 REVIEW OF ACCOUNTS

A. Frequency and Nature of Review of Client Accounts or Financial Plans.

The Adviser performs various daily, weekly, monthly, quarterly and other periodic reviews of each client's portfolio. These reviews are conducted by the Adviser's Chief Investment Officer and certain other members of the investment and trading teams. The Chief Investment Officer, with the aid of the Adviser's Investment Committee, monitors client accounts and focuses on, among other things, market exposure, market risks and position concentration by company, industry and countries.

B. Factors Prompting Review of Client Accounts on Other than a Periodic Basis.

Client accounts are reviewed on a periodic basis, but a review of client accounts on other than a periodic basis may be triggered by any unusual activity or special circumstances. No formalized stop loss mechanism is used but if a position moves significantly against the portfolio it is re-evaluated. If the thesis has changed such position may be trimmed or exited completely.

C. Content and Frequency of Account Reports to Clients.

The Adviser generally provides annual written reports containing audited financial statements within 120 days following the end of the Funds' fiscal year to each such client. In addition, the Adviser provides investors in each such Fund with estimates of the Fund's performance and written capital account statements on a monthly or quarterly basis, and other information as the Adviser may, from time to time, deem advisable and desirable. The Adviser provides various account reports to the separately managed accounts on a periodic basis as applicable based on the investment management agreement with each such account.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

A. Economic Benefits for Providing Services to Clients.

Other than as set forth under Item 5(a) “Other Compensation,” the Adviser does not receive economic benefits from non-clients for providing investment advice and other advisory services to the Adviser’s clients.

B. Compensation to Non-Supervised Persons for Client Referrals.

Neither the Adviser nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for client referrals. The Adviser has retained non-exclusive placement agents to introduce potential investors to the Funds. The agents receive a portion of the management fees otherwise paid to the Adviser in connection with investors introduced to the Funds by such agent.

ITEM 15

CUSTODY

The Adviser is deemed to have custody of certain client funds and securities because it has the authority to obtain possession of client funds or securities, for example, by deducting advisory fees from a client's account or otherwise withdrawing funds from a client's account. Where the Adviser is deemed to have custody, account statements related to the clients are sent by qualified custodians to the Adviser. The Adviser does not have custody with respect to the separately managed accounts.

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

ITEM 16
INVESTMENT DISCRETION

The Adviser entered into an investment management agreement, or similar agreement, with each Fund or separately managed account, pursuant to which the Adviser was granted discretionary trading authority.

The Adviser's investment decisions and advice with respect to each Fund and the separately managed accounts are subject to each client's investment objectives and guidelines, with respect to each Fund, as set forth in their respective offering documents, and with respect to each separately managed account, as set forth in their respective investment management agreement.

ITEM 17

VOTING CLIENT SECURITIES

In accordance with SEC requirements, the Adviser has adopted Proxy Voting Policies and Procedures (the “Policies”) to address how the Adviser shall vote proxies for the Funds’ or separately managed accounts’ portfolio investments. The Policies seek to ensure that the Adviser votes proxies (or similar instruments) in the best interest of the clients, including when there may be conflicts of interest in voting proxies. The Adviser does not anticipate any conflicts of interest between the Adviser and the clients in terms of proxy voting. If the Adviser, however, encounters an identifiable conflict of interest with respect to a particular vote, within a sufficient time period before a vote, the Adviser will not put its own interests ahead of those of any client and will resolve any possible conflicts between its interests and those of the client in favor of the client. In the event that a potential conflict of interest arises, the Adviser will determine on a case-by-case basis how to vote the proxy consistent with the best interests of the clients and in a manner consistent with the Policies. If a conflict of interest is considered material (i.e., if it is determined that the conflict has the potential to influence the Adviser’s decision in voting the proxy), the Adviser will generally refrain from exercising its discretion to vote the proxy and instead refer the vote to an independent party for consideration. If it is determined that such conflict or potential conflict is not material, the Adviser may vote the proxy. Clients may obtain a copy of the Policies and/or information regarding how the Adviser voted proxies for particular portfolio companies by contacting the Adviser.

ITEM 18
FINANCIAL INFORMATION

The Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.

ITEM 19
REQUIREMENTS FOR STATE-REGISTERED ADVISERS

Not applicable.