

Millstreet Capital Management LLC

Brochure Part 2A of Form ADV

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This brochure provides information about the qualifications and business practices of Millstreet Capital Management LLC (“Millstreet”). If you have any questions about the contents of this brochure, please contact Janet Kastrud at (617)-939-0033 or jkastrud@millstreet.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT MILLSTREET OR ANY PRINCIPALS OR EMPLOYEES OF MILLSTREET POSSESS ANY PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.

Item 2: Material Changes

This Brochure is Millstreet's Annual Update to the Form ADV Part 2A. There has been one material change since Millstreet's last Annual Update in March 2022. Effective January 2023, Millstreet no longer maintains capital in the Fund as its interest was transferred to limited partner interests beneficially owned by Millstreet's principal owners.

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Item 4: Advisory Business

Millstreet Capital Management LLC (“Millstreet”, “Investment Manager”, “we”, or “our”) is a Delaware limited liability company formed on March 16, 2010. The principal owners of Millstreet are Craig M. Kelleher and Brian D. Connolly. Jeffrey T. Growney and David T. Danforth are also shareholders of Millstreet. Craig Kelleher and Brian Connolly together control 100% of the voting rights.

Millstreet provides investment management and administrative services on a discretionary basis to private pooled investment vehicles and separately managed accounts (“SMAs”) of institutional qualified purchasers. At this time, we serve as the investment manager to Millstreet Credit Fund LP, which is a Delaware limited partnership (the “Fund”), and Millstreet Credit Offshore Fund Ltd., which is an offshore feeder fund incorporated as a Cayman Islands exempted company (the “Offshore Fund”). The Fund and Offshore Fund are referred to collectively herein as the “Funds” or the “Partnership.” Millstreet also serves as sub-investment manager to one separately managed account.

Millstreet currently manages the Fund, a long/short credit fund that employs a fundamental investment philosophy with a focus on the small-to-mid capitalization segment of the high yield market. The Fund primarily invests in high yield securities, but also typically has a sleeve of equities derived from a credit perspective and may also have capital structure arbitrage trades and portfolio hedging strategies. The portfolio may also include credit default swaps. The investor base is primarily endowments, high net worth individuals and family offices. Millstreet also manages the Offshore Fund, which was launched in January 2016. The Offshore Fund invests substantially all of its assets in the Fund (as a limited partner in the Fund), and the Fund is the master fund in the mini-master structure.

Millstreet can tailor its advisory services to the individual needs of clients in SMAs. Under certain circumstances, investors in the SMAs may impose restrictions on investing in certain securities, types of securities, amounts of securities, or types of investments. Any investing restrictions or limitations for an SMA are established and agreed upon in the investment advisory agreement between Millstreet and the investor. The Fund follows the investment program set out in the Fund’s Confidential Private Offering Memorandum. Our SMA clients generally follow the same strategy as the Fund’s core credit portfolio or invest in a subset of the Fund’s core credit portfolio, but certain restrictions and other factors may result in differences in investments compared to the Fund (see discussion in “Brokerage Practices” below).

As of December 31, 2022, Millstreet had approximately US \$1.77 billion in regulatory assets under management. Presently, all of our client assets are discretionary.

Item 5: Fees and Compensation

Millstreet typically charges its clients and SMAs management fees based on the value of clients’ assets under our management and may also charge a performance fee consisting of a percentage of the net profits earned or increase in net asset value of each client’s account, subject to a high water mark, a hurdle rate, and a participation rate where applicable. Investors in the Funds are subject to a management fee and a performance allocation, subject to a high water mark. Investors in the Funds are required to be “qualified purchasers” as defined in Section 2(a)(51)(A) under the Investment Company Act of 1940, and all of Millstreet’s SMA clients are qualified purchasers. Therefore, Millstreet’s compensation and exact fee schedules are not disclosed here.

Currently, Millstreet is paid a management fee by clients quarterly in advance based on the net assets on the last business day of the preceding quarter and quarterly in arrears based on a daily accrual computed on the daily net asset value of the portfolio, after adjustment for any contributions or withdrawals. Management fees are prorated for any period that is less than a full period. Millstreet’s affiliate, Millstreet

Capital Partners LLC, the Fund's general partner ("General Partner"), is allocated a performance allocation annually in arrears for each fiscal year the Fund generates a net profit above the high water mark. The management fees and any performance allocation of the Fund are deducted from the Fund's assets. The Offshore Fund's investment as a limited partner in the Fund is subject to both a management fee and a performance allocation. The clients in SMAs may also pay Millstreet an incentive fee annually in arrears based on an increase in net asset value or based on performance accrued daily. Incentive fees may be subject to a high water mark, a hurdle rate, and a participation rate as agreed upon in each investment advisory agreement. For the SMA clients, fees are agreed upon and generally invoiced and payable upon receipt. The management fees applicable to each Fund and SMA are set forth in each client's private placement memorandum or investment management agreement, as applicable.

Director's fees or similar compensation as a result of any of the officers, directors or employees of Millstreet serving as Directors on the board (or similar governing positions) of companies that are in the portfolios of the Fund will either be paid to the Fund or be used to offset any Management Fees payable to the Investment Manager from the Fund on a dollar-for-dollar basis. Such payment or offset shall be determined pro rata based on all advisory clients of the Investment Manager and its affiliates that are invested in such related companies.

The Fund pays its expenses, including but not limited to, the management fee; investment expenses (e.g., expenses that the Investment Manager reasonably determines to be related to the investment of the Fund's assets, such as brokerage commissions, interest and expenses relating to short sales, clearing and settlement charges, custodial fees, bank service fees, interest on margin accounts and other indebtedness, any other expenses related to the purchase and sale of less liquid securities); legal expenses, professional fees (including, without limitation, expenses of consultants, experts and valuation agents) relating to investments; expenses of agents and other persons providing services to or on behalf of the Fund; governmental and registration fees and taxes; portfolio management system expenses (provided, however, to the extent the Investment Manager uses any such portfolio management system to manage the accounts of clients other than the Fund, the Fund shall be allocated and shall bear only its pro rata share of the associated expenses based on the net assets of all the accounts for which the Investment Manager uses the portfolio management system); fees and expenses for risk management services; insurance expenses, including costs of any liability insurance obtained on behalf of the Fund (including, without limitation, directors and officers insurance); administration fees and expenses (including fees and expenses of the Fund's Administrator); accounting expenses (including the cost of accounting software packages); auditing and tax preparation expenses; costs of printing and mailing reports and notices; research fees and expenses; taxes; corporate licensing; regulatory expenses (including filing fees); setup expenses for a portfolio accounting system; expenses incurred in connection with the offering and sale of the limited partnership interests (including changes to the offering memorandum and drafting and negotiating supplementary agreements) and other similar expenses related to the Fund; indemnification expenses; fees and expenses relating to services provided in connection with the daily pricing of investments of the Fund; and extraordinary expenses. Such expenses will be shared on a pro rata basis by all limited partners. The Offshore Fund pays its pro rata portion of the Fund's expenses allocated to it as a limited partner and also has certain specific costs allocated directly to it, such as audit and tax-preparation fees, director expenses, organizational fees, administration fees, and registered office and other recurring legal fees.

Regarding the expenses of the SMAs, all brokerage commissions and fees and clearing and regulatory fees arising from trading or other transactions of each SMA, any margin financing fees, and management fees, in addition to other direct costs, which may include certain legal expenses, associated with the activities of each SMA, are borne by each SMA respectively. The allocation of SMA expenses is stipulated in each investment advisory agreement. All SMA expenses, aside from transaction and brokerage costs, are approved and allocated to each SMA investor and charged by the SMA's administrator and/or custodian as appropriate.

Clients, including the Funds, will incur broker and other transaction costs. Please refer to “Brokerage Practices” for a discussion of brokerage.

Clients pay Millstreet the management fee quarterly in advance or quarterly in arrears as specified in the Fund offering memorandum and in each investment advisory agreement. For clients subject to a performance allocation or incentive fee, any performance allocation or incentive fee is paid by clients in arrears. The Fund has a one-year soft lock-up provision and a twenty-five percent (25%) investor-level gate. Due to the above described provisions, subscriptions in the Fund may not be terminated before the end of a billing period. Each SMA may be terminated by either party upon the required notice established in the investment advisory agreement, and Millstreet will refund any prepaid but unearned fees, calculated based on the number of days that the SMA was in effect for that quarter or month, as applicable.

Item 6: Performance-Based Fees and Side-by-Side Management

Certain clients managed by Millstreet pay both a management fee and a performance allocation or incentive fee to Millstreet or its affiliate, Millstreet Capital Partners LLC (the “General Partner”). Any performance allocation or incentive fee is based on a percentage of the net profits, new trading profits, or increase in net asset value as defined in the offering memorandum or investment advisory agreement and may be subject to parameters, such as a hurdle rate and a high water mark. The General Partner, in its sole discretion, may waive or reduce or calculate differently the performance allocation and/or management fee for certain limited partners or shareholders of the Funds. No management fee or performance allocation is paid to Millstreet or the General Partner with respect to the account of the General Partner or Millstreet including any limited partnership or shareholder interest owned beneficially by a member or employee of Millstreet or the General Partner.

The incentive allocation or “performance-based fee” may create an incentive for Millstreet to make investments that are more speculative or riskier than would be the case if there were no performance-based fees. Capital appreciation, both realized and unrealized, is a factor in calculating performance-based fees.

Millstreet manages accounts and funds that may charge performance-based fees at different rates and which may be subject to different parameters. Any differences in the fee structures of the private pooled investment vehicles and other accounts we manage could create an incentive for Millstreet to favor those clients that pay higher performance-based fees. We have established procedures that seek to ensure that clients paying higher fees do not receive preferential treatment over clients paying lower fees. As a fiduciary, Millstreet recognizes its duty to act in good faith with fairness in all of its dealings with all clients, regardless of fee arrangements.

Millstreet generally has discretion to waive or modify the application of any provision of the investment terms applicable to an investor in the Funds in a “side letter” or in any other manner, without obtaining the consent of any other investor in the Funds. In all cases, any modified provisions are subject always to Millstreet’s fiduciary duty to treat all investors fairly and equitably.

Item 7: Type of Clients

Millstreet currently provides investment management and administrative services to private pooled investment vehicles and SMAs for institutional investors, which are all qualified purchasers.

The minimum investment in the Fund and the Offshore Fund is \$1,000,000. Lesser amounts may be accepted at the sole discretion of the General Partner. All investors in the Fund and Offshore Fund must be “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act or “knowledgeable employees” within the meaning of Rule 3c-5 of the Investment Company Act. The minimum amount for

an SMA will be at the discretion of Millstreet and will depend on client guidelines regarding strategy and investment restrictions.

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

Millstreet's strategy seeks to generate attractive absolute returns that are uncorrelated to traditional asset classes over a full market cycle. We employ a long/short, fundamentally driven, value-oriented investment strategy with an emphasis on catalysts. We look to opportunistically invest in a diversified portfolio of long and short investments in the more inefficient small-to-mid capitalization segment of the corporate fixed-income market and specifically securities with higher yield characteristics. The emphasis is on out-of-favor and/or overlooked small-to-mid cap U.S. corporate bonds and leveraged loans and securities often characterized by identifiable catalysts/transformational events that we believe provide opportunities to capture excess returns. We attempt to achieve our investment objective by employing our strategy across the entire capital structure of an entity, including but not limited to senior and subordinated bonds, second lien loans, mezzanine debt, convertible bonds, preferred and common stock, and bank debt. In order to seek to capitalize on perceived fundamental misvaluations and technical dislocations, the strategies employed by Millstreet may include, without limitation, long-only, short-only (including purchases of credit default swaps), relative value, inter- and intra-capital arbitrage, and portfolio hedging strategies. The Fund may purchase securities on margin. Millstreet's research process is based on top-down and bottom-up fundamental analysis of both long and short investments and an evaluation of the relative merits of each investment. We analyze the many issues that can affect an investment's relative attractiveness, with a particular focus on the overall quality of a security relative to its perceived value. Investment opportunities are subject to in-depth analysis of company, industry, management, structural, and market factors.

Millstreet intends to pursue the methods of analysis and investment strategies described above, although we may also formulate new approaches to carry out our investment objectives. Millstreet and its affiliates generally have broad and flexible investment authority over our portfolios, but investments in client accounts may be subject to restrictions or limitations as to the types or specific characteristics of securities that may be purchased or the types of trades that may be effected for each account.

Material Risks for Investment Strategies and Types of Securities:

The portfolios managed by Millstreet should be considered speculative investments and are not intended to be complete investment programs. The portfolios are designed only for sophisticated clients who are able to bear the risk of loss of their entire investments. Investors should be aware that they may be required to bear the financial risks of an investment for an indefinite period of time. The list of risk factors below is not exhaustive, and a more comprehensive list of risks is detailed in the offering materials.

Investment and Trading Risks. An investment in the Partnership involves a high degree of risk, including the risk that the entire amount invested may be lost. No guarantee or representation is made that the Partnership's investment program will be successful. The Investment Manager will be investing substantially all of the Partnership's assets in securities, some of which may be particularly sensitive to economic, market, industry, regulatory and other variable conditions. The markets in which the Partnership expects to invest have experienced and continue to experience significant volatility and losses. No assurance can be given as to when or whether adverse events might occur that could cause immediate and significant losses to the Partnership.

Investments in High Yield and Distressed Securities. The Partnership may invest in high-yield and distressed securities. Such securities are generally not exchange traded and, as a result, these instruments trade in a smaller secondary market than exchange-traded bonds. In addition, the Partnership may invest in credit instruments of issuers that do not have publicly traded equity securities, making it more difficult

to hedge the risks associated with such investments. High-yield securities that are below investment grade or unrated face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated debt securities tend to reflect individual corporate developments to a greater extent than do higher-rated securities, which react primarily to fluctuations in the general level of interest rates and tend to be more sensitive to economic conditions than are higher-rated securities. Companies that issue such securities are often highly leveraged and may not have available to them more traditional methods of financing. It is possible that an economic recession could severely disrupt the market for such securities and may have an adverse impact on the value of such securities. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities. Such investments involve a substantial degree of risk and could result in substantial losses to the Partnership.

The terms and conditions associated with credit instruments, particularly high yield and distressed securities, are often complex and require a sophisticated level of evaluation of financial, operational and legal matters. There is no assurance that the Investment Manager will correctly evaluate the value of a company's assets, the terms of its debt instruments or the prospects for a successful reorganization or similar action. Investments in these securities require active monitoring and may, at times, require participation in business strategy or reorganization proceedings by the Investment Manager. The involvement by the Investment Manager in an issuer's reorganization proceedings could result in the imposition of restrictions limiting the Partnership's ability to liquidate its respective position in the issuer.

Undervalued and Overvalued Securities. The Partnership's investment strategy will focus on investing in companies that the Investment Manager believes are undervalued and overvalued. Opportunities in undervalued equity securities arise from market inefficiencies or due to a lack of wide recognition of the potential impact (positive or negative) that earnings events or trends may have on the value of a security. Opportunities in overvalued securities may arise when a stock's earnings will be less than analysts' published consensus, and, therefore, the stock price is expected to drop. Overvaluation may result from an emotional buying spurt, which inflates the stock's market price, or from a deterioration in a company's financial strength. The identification of investment opportunities in undervalued and overvalued securities is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investing long in undervalued securities and investing short in overvalued securities present opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Furthermore, investing in these securities carries additional risk as other managers with similar positions could be forced to unwind and drive security pricing in a manner adverse to the Partnership.

General Market and Risks of Credit Obligations. Credit portfolios are subject to credit risk and interest rate risk. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument, and debt obligations which are rated by rating agencies are often reviewed and may be subject to downgrade. "Interest rate risk" refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

Fixed Income and Corporate Debt Securities. The Partnership may invest in investment grade and below investment grade bonds or other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, bonds, notes and debentures issued by corporations, limited partnerships and other similar entities. The Partnership may also invest in debt securities issued or guaranteed by the U.S. government or one of its agencies or instrumentalities, commercial paper and “higher yielding” (and, therefore, higher risk) debt securities of the former categories. These securities may pay fixed, variable or floating rates of interest and may include zero coupon obligations. The value of fixed income securities in which the Partnership invests will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities can fluctuate in response to perceptions of creditworthiness, political stability or soundness of economic policies. Fixed income securities are subject to the risk of the issuer’s inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (i.e., market risk). A major economic recession could disrupt severely the market for such securities and may have an adverse impact on the value of such securities. In addition, any such economic downturn 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.

Investments in Bankrupt or Restructured Companies. Certain of the issuers of securities which may be purchased by the Partnership, may be involved in bankruptcy or other reorganization proceedings which involve a substantial degree of risk. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. Accordingly, a bankruptcy court may approve actions that are adverse to the Partnership.

Generally, the duration of a bankruptcy case can only be roughly estimated. The process can involve substantial legal, professional and administrative costs to the company and the Partnership; it is subject to unpredictable and lengthy delays; and during the process, the company’s competitive position may erode, key management may depart and the company may not be able to invest adequately. In some cases, the company may not be able to reorganize and may be required to liquidate assets. Although the Partnership may invest a portion of its assets in debt, the debt of companies in financial reorganization will in most cases not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the issuer’s fundamental values. Such investments can result in a total loss of principal.

Investment in the debt of financially distressed companies domiciled outside the U.S. involves additional risks. Bankruptcy law and process may differ substantially from that in the U.S., resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

The Investment Manager may cause the Partnership to purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction (presumably at the original purchase price) or forfeiture by the purchaser.

Short Sales. The Investment Manager may engage in short sales as part of hedging transactions or when it believes securities are overvalued. Short sales are sales of securities the Partnership borrows but does not actually own, usually made with the anticipation that the prices of the securities will decrease and the Partnership will be able to make a profit by purchasing the securities at a later date at the lower prices. The Partnership will incur a potentially unlimited loss on a short sale if the price of the security increases prior to the time it purchases the security to replace the borrowed security. A short sale presents greater risk than purchasing a security outright since there is no ceiling on the possible cost of replacing the borrowed

security, whereas the risk of loss on a “long” position is limited to the purchase price of the security. Closing out a short position may cause the security to rise further in value creating a greater loss.

Short sale transactions have been subject to increased regulatory scrutiny in response to market events in recent years, including the imposition of restrictions on short selling certain securities and reporting requirements. The Partnership’s ability to execute a short selling strategy may be materially adversely impacted by temporary and/or new permanent rules, interpretations, prohibitions, and restrictions adopted in response to these adverse market events. Temporary restrictions and/or prohibitions on short selling activity may be imposed by regulatory authorities with little or no advance notice and may impact prior trading activities of the Partnership. Additionally, the SEC, its foreign counterparts, other governmental authorities and/or self-regulatory organizations may at any time promulgate permanent rules or interpretations consistent with such temporary restrictions or that impose additional or different permanent or temporary limitations or prohibitions. The SEC might impose different limitations and/or prohibitions on short selling from those imposed by various non-U.S. regulatory authorities. These different regulations, rules or interpretations might have different effective periods.

Regulatory authorities have imposed and may impose restrictions that adversely affect the Partnership’s ability to borrow certain securities in connection with short sale transactions. In addition, traditional lenders of securities might be less likely to lend securities under certain market conditions. As a result, the Partnership may not be able to effectively pursue a short selling strategy due to a limited supply of securities available for borrowing. The Partnership may also incur additional costs in connection with short sale transactions, including in the event that it is required to enter into a borrowing arrangement in advance of any short sales. Moreover, the ability to continue to borrow a security is not guaranteed and the Partnership is subject to strict delivery requirements. The inability of the Partnership to deliver securities within the required time frame may subject the Partnership to mandatory close out by the executing broker-dealer. A mandatory close out may subject the Partnership to unintended costs and losses. Certain action or inaction by third parties, such as executing broker-dealers or clearing broker-dealers, may materially impact the Partnership’s ability to effect short sale transactions. Such action or inaction may include a failure to deliver securities in a timely manner in connection with a short sale effected by a third-party unrelated to the Partnership.

Equity Securities Generally. The Partnership may invest in equity and equity-related securities of companies in the U.S. and other countries. The value of these financial instruments generally will vary with the performance of the issuer and movements in the equity markets. As a result, the Partnership may suffer losses if it invests in equity instruments of issuers whose performance diverges from the Investment Manager’s expectations or if equity markets generally move in a single direction and the Fund has not hedged against such a general move. The Partnership may also be exposed to risks that issuers will not fulfill contractual obligations such as, in the case of convertible securities or private placements, delivering marketable common stock upon conversions of convertible securities and registering or otherwise qualifying restricted securities for public resale.

Competition. The securities industry and the varied strategies engaged in by the Investment Manager are extremely competitive and each involves a degree of risk. The Partnership competes with firms, including many of the larger securities and investment banking firms, which have substantially greater financial resources and research staffs.

Concentration. The Partnership’s portfolios may, from time to time, be concentrated in a particular type of security, industry, geographic location or market capitalization. This may be the result of the Partnership’s opportunistic investing, external market forces or the lack of liquidity in one security as compared to other securities the Partnership holds. Losses incurred in a position making up a significant percentage of the Partnership’s capital could have a material adverse effect on the Partnership’s overall

financial condition. This limited diversity could expose the Partnership to significantly greater volatility than in a more diversified portfolio.

Use of Leverage. The Investment Manager anticipates opportunistically leveraging the Partnership's portfolio through margin and other debt in order to increase the amount of capital available for investments. Although leverage increases returns to the Limited Partners if the Partnership earns a greater return on the incremental investments purchased with borrowed funds than it pays for such funds, the use of leverage decreases returns to the Limited Partners if the Partnership fails to earn as much on such incremental investments as it pays for such funds. In the event that the Partnership leverages its portfolio, fluctuations in the market value of the Partnership's portfolio will have a significant effect in relation to the Partnership's capital and the risk of loss and the possibility of gain will be increased. In addition, when the Partnership utilizes leverage, the level of interest rates generally, and the rates at which the Partnership can borrow in particular, will be an expense of the Partnership and therefore affect the operating results of the Partnership. Leverage increases the risk of substantial losses (including the risk of a total loss of capital) and leverage can significantly magnify the volatility of the Partnership's portfolio.

The Partnership may use short-term margin borrowing in purchasing securities positions. Such borrowing, if made, may result in certain additional risks to the Partnership. For example, should the securities pledged to brokers to secure the Partnership's margin accounts decline in value, the Partnership could be subject to a "margin call," pursuant to which the Partnership would be required to either deposit additional funds with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. In the event of a sudden, precipitous drop in value of the Partnership's assets, the Partnership might not be able to liquidate assets quickly enough to pay off its margin debt.

Non-U.S. Securities. The Partnership may also invest in securities of non-U.S. issuers, including companies headquartered outside of the United States. The Partnership's investments in securities and instruments in non-U.S. markets involve substantial risks often not typically associated with investing in U.S. securities. Investments in non-U.S. securities may be adversely affected by changes in currency rates or exchange control regulations, changes in governmental administration or economic or monetary policy (in the United States and abroad) or changed circumstances in dealings between nations. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of the Partnership's assets denominated in that currency and thereby will have an impact upon the Partnership's total return on such assets. The Partnership may utilize options and forward contracts to hedge against currency fluctuations, but there can be no assurance that such hedging transactions will be effective.

Investments in non-U.S. securities will also be subject to risks relating to political and economic developments abroad, including the possibility of expropriations or confiscatory taxation, limitations on the use or transfer of the Partnership's assets and the effects of foreign social, economic or political instability. Non-U.S. companies are not subject to the regulatory requirements of U.S. companies and, as such, there may be less publicly available information about such companies. Moreover, non-U.S. companies are not subject to uniform accounting, auditing and financial reporting standards and requirements comparable to those applicable to U.S. companies.

Securities of non-U.S. issuers may be less liquid than comparable securities of U.S. issuers and, as such, their price changes may be more volatile. Furthermore, foreign exchanges and broker-dealers are generally subject to less government and exchange scrutiny and regulation than their American counterparts. Brokerage commissions, dealer concessions and other transaction costs may be higher on foreign markets than in the U.S. In addition, differences in clearance and settlement procedures on foreign markets may occasionally lead to delays in settlements of the Partnership's trades effected in such markets.

Repatriation of investment income, capital and the proceeds of sales by foreign investors may require

governmental registration and/or approval. The Partnership could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by the government of an emerging country.

Taxation of dividends, interest and capital gains received by non-residents varies among foreign countries and, in some cases, is comparatively high. In addition, some countries have tax laws and procedures that may permit retroactive taxation so that the Partnership could in the future become subject to local tax liability that it had not reasonably anticipated in conducting its investment activities or valuing its assets.

Hedging Transactions. The Partnership may utilize certain financial instruments both for investment purposes and for risk management purposes in order to seek to: (i) protect against possible changes in the market value of the Partnership's investment portfolio resulting from fluctuations in the securities markets and/or changes in interest rates, (ii) protect the Partnership's unrealized gains in the value of the Partnership's investment portfolio, (iii) facilitate the sale of any such investments, (iv) enhance or preserve returns, spreads or gains on any investment in the Partnership's portfolio, (v) hedge the interest rate or currency exchange rate on any of the Partnership's liabilities or assets, (vi) protect against any increase in the price of any securities the Partnership anticipates purchasing at a later date or (vii) for any other reason that the Investment Manager deems appropriate.

When the Investment Manager decides to hedge one or more positions, its success will be based on the Investment Manager's ability to correctly assess the degree of correlation between the performance of the hedging instrument and the performance of the investment being hedged. Since the characteristics of many securities change as markets change or time passes, the success of a hedge will also be subject to the Investment Manager's ability to periodically recalculate, readjust, and execute the hedge in an efficient and timely manner. While the Partnership may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Partnership than if it had not engaged in any such hedging transactions. In certain transactions, the Partnership may not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated. When the Investment Manager desires to hedge a position in the Partnership's portfolio, it might not be able to do so because a hedge may not be available; it may be too costly in light of the likelihood of the possible risk actually occurring or the risk simply could not be reasonably anticipated.

Risks of Investments in Options. The Partnership may purchase and write options. Investing in options can provide greater potential for profit or loss than an equivalent investment in the underlying asset. The value of an option may decline because of a change in the value of the underlying asset relative to the strike price, the passage of time, changes in the market's perception as to the future price behavior of the underlying asset, or any combination thereof. In the case of the purchase of an option, the risk of loss of an investor's entire investment (i.e., the premium paid plus transaction charges) reflects the nature of an option as a wasting asset that may become worthless when the option expires. Where an option is written or granted (i.e., sold) uncovered, the seller may be liable to pay substantial additional margin, and the risk of loss is unlimited, as the seller will be obligated to deliver, or take delivery of, an asset at a predetermined price which may, upon exercise of the option, be significantly different from the market value. Over-the-counter options that the Partnership may use in its investment strategies generally are not assignable except by agreement between the parties concerned, and no party or purchaser has any obligation to permit such assignments. The over-the-counter market for options is relatively illiquid, particularly for relatively small transactions.

Swap Transactions and Credit Default Swaps. The Partnership may enter into swap agreements with respect to securities, indexes of securities and other assets or other measures of risk or return. Swap agreements are typically two-party contracts entered into primarily by institutional investors for periods

ranging from a few weeks to many years. In a standard “swap” transaction, two parties agree to exchange the returns (or the differential in rates of return) earned or realized on particular predetermined investments, instruments, or indices. The gross returns to be exchanged or “swapped” between the parties are generally calculated with respect to a “notional amount”. Whether the Partnership’s use of swap agreements will be successful will depend on the Investment Manager’s ability to select appropriate transactions for the Partnership. Swap transactions may be highly illiquid. Moreover, the Partnership bears the risk of loss of the amount expected to be received under a swap agreement in the event of the default or insolvency of its counterparty. Many swap markets are relatively new and still developing. It is possible that developments in the swap markets, including potential government regulation, could adversely affect the Partnership’s ability to terminate existing swap transactions or to realize amounts to be received under such transactions. Swaps and certain other custom instruments are subject to the risk of non-performance by the swap counterparty, including risks relating to the creditworthiness of the swap counterparty, although some swaps may be cleared on established exchanges.

Total return swaps are another form of swap transaction that the Partnership may utilize in its investment program. A total return swap allows the total return receiver to receive the change in market value of an asset (whether a security, basket of securities, interest rate, form of debt, currency or other asset) from the total return payer in return for paying a floating or fixed interest-rate on a predetermined amount. The total return payer is synthetically short and the total return receiver is synthetically long. Thus, total return swap agreements may effectively add leverage to the Partnership’s portfolio because, in addition, to its total net assets, the Partnership would be subject to investment exposure on the notional amount of the swap agreement.

Credit default swaps are another type of swap that the Partnership may utilize. A credit default swap is a type of credit derivative which allows one party (the “protection buyer”) to transfer credit risk of a reference entity (the “reference entity”) to one or more other parties (the “protection seller”). The protection buyer pays a periodic fee to the protection seller in return for protection against the occurrence of a number of events (each a “credit event”) which may be experienced by the reference entity. Credit default swaps carry specific risks including, but not limited to, high levels of leverage, the possibility that premiums are paid for credit default swaps which expire worthless, wide bid/offer spreads and documentation risks. In addition, there can be no assurance that the counterparty to a credit default swap will be able to fulfill its obligations to the Partnership if a credit event occurs in respect of the reference entity. Further, the counterparty to a credit default swap may seek to avoid payment following an alleged credit event by claiming that there is a lack of clarity in, or an alternative meaning of, language used in the contract, most notably the language specifying what would amount to a credit event.

Arbitrage Transactions. The Partnership may engage in certain arbitrage trading including, but not limited to, event-driven arbitrage and volatility arbitrage. In such trading, the Partnership attempts to profit by exploiting price differences of identical or similar securities or financial instruments on different markets or in different forms. Often arbitrage opportunities disappear rapidly once the opportunity becomes well-known and many investors act on it. Arbitrage trading can involve large transaction costs because of the need to simultaneously buy and sell many different securities. There is no assurance that the arbitrage transaction will perform in the manner expected by the Investment Manager and the exposure of the Partnership to a movement in the market or other factors could be significantly increased. In certain transactions, the Partnership may not be hedged against market fluctuations unrelated to the anticipated transaction but which may affect the value of the consideration to be received. This may result in losses, even if the proposed transaction is consummated.

Illiquid Securities; Special Investments. Although the General Partner does not currently anticipate that any of the Partnership’s assets will be designated as Special Investments, in certain circumstances, general economic or market conditions may render, in the sole discretion of the General Partner, certain investments

held by the Partnership as illiquid, restricted or difficult to value. In such circumstances, the General Partner may designate such securities as “Special Investments”, and all Limited Partners at the date of such designation will participate on a pro rata basis in such Special Investments. Such Special Investments may have to be held for a substantial period of time before they can be liquidated, if at all. Market prices for such Special Investments are often volatile and may not be ascertainable. The resale of restricted and illiquid securities often may have higher brokerage charges. Special Investments may represent capital not available for withdrawal by Limited Partners. Such investments may be difficult to value.

Counterparty Risk. Some of the markets in which the Partnership may effect its transactions are “over-the-counter” or “interdealer” markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of “exchange based” markets. This exposes the Partnership to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Partnership to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where the Partnership has concentrated its transactions with a single or small group of counterparties. The Partnership is not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty.

Cash Balances. The Partnership may hold a portion of its assets in cash. The Partnership will hold any cash balances it may accumulate for investment, reinvestment or distribution to the Partners in money market funds, money market instruments, U.S. Government Securities, commercial paper, certificates of deposit and bankers’ acceptances. The returns on the cash balances are expected to be low and the Fund could miss more significant returns if its cash balances are high.

Loans of Portfolio Securities. The Partnership may lend its portfolio securities on terms customary in the securities industry, enter into reverse repurchase agreements or enter into other transactions constituting a loan of the Partnership’s assets. By doing so, the Partnership attempts to increase its income through the receipt of interest on the loan. In the event of a default or the bankruptcy of the other party to a securities loan, the Partnership could experience delays in recovering the securities it lent and there is no assurance that the securities will be recovered. To the extent that the value of the securities the Partnership lent has increased, the Partnership could experience a loss if such securities are not recovered.

Preferred Shares. The Partnership may invest in the preferred shares of certain companies. Preferred shares may pay dividends at a specific rate and generally have preference over common stock in the payment of dividends in a liquidation of assets but rank after debt securities. Unlike interest payments on debt securities, dividends on preferred shares are generally payable at the discretion of the board of directors of the issuer. The market prices of preferred shares are subject to changes in interest rates and are more sensitive to changes in the issuer’s creditworthiness than are the prices of debt securities.

Money Market Instruments. The Investment Manager may invest, for defensive purposes or otherwise, all or a portion of the Partnership’s assets in money-market instruments and foreign money-market mutual funds, or hold cash or cash equivalents in such amounts as the Investment Manager deems appropriate under the circumstances. Money market instruments are high quality, short-term fixed-income obligations, which generally have remaining maturities of one year or less, and may include U.S. Government securities, commercial paper, certificates of deposit and bankers’ acceptances issued by domestic branches of United States banks that are members of the Federal Deposit Insurance Corporation, and repurchase agreements. However, there can be no assurances that such investments will not be subject to significant risks.

Exchange Traded Funds. The Partnership may invest in and sell short shares of ETFs and other similar instruments. These transactions may be used to adjust the Partnership’s exposure to the general market or

industry sectors and to manage the Partnership's risk exposure. ETFs and other similar instruments involve risks generally associated with investments in a broadly based portfolio of common stocks, including the risk that the general level of stock prices, or that the prices of stocks within a particular sector, may increase or decrease, thereby affecting the value of the shares of the ETF or other instruments.

Special Situations. The Partnership may invest in companies involved in (or the target of) acquisition attempts or tender offers or in companies involved in workouts, liquidations, spinoffs, reorganizations, bankruptcies and similar transactions. In any investment opportunity involving any such type of special situation, there exists the risk that the contemplated transaction either will be unsuccessful, take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Partnership of the security or other financial instrument in respect of which such distribution is received. Similarly, if an anticipated transaction does not in fact occur, the Partnership may be required to sell its investment at a loss. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Partnership may invest, there is a potential risk of loss by the Partnership of its entire investment in such companies.

Arbitrage Opportunities. The success of the Partnership's investment activities in this area will depend on the Investment Manager's ability to identify and exploit price discrepancies in the market. Identification and exploitation of market opportunities involve uncertainty. No assurance can be given that the Investment Manager will be able to locate investment opportunities or to correctly exploit price discrepancies. A reduction in the pricing inefficiency of the markets in which the Partnership will seek to invest will reduce the scope for the Partnership's investment strategies. In the event that the perceived mispricings underlying the Partnership's positions were to fail to materialize as expected by the Investment Manager, the Partnership could incur losses.

Purchasing Securities of Initial Public Offerings. The Partnership may purchase securities that are part of initial public offerings. The prices of these securities may be very volatile. The issuers of these securities may be undercapitalized, have a limited operating history, and lack revenues or operating income without any prospects of achieving them in the near future. Some of these issuers may only make available a limited number of shares for trading and therefore it may be difficult for the Partnership to trade these securities without unfavorably impacting their prices. In addition, investors may lack extensive knowledge of the issuers of these securities.

Risks Associated with Investments in the Cannabis Industry. Pursuant to its investment strategy, the Partnership may invest a portion of its assets in securities issued by companies operating in the cannabis and related sectors, including companies operating in the U.S. There are numerous risks relating to investing in this sector, including the regulatory landscape and the evolution of the cannabis industry, which is still in its early stages. Marijuana is classified as a Schedule I substance by the U.S. federal government under the U.S. Controlled Substances Act of 1970. Although more than a majority of U.S. states have adopted laws allowing for the sale and use of marijuana under certain circumstances, including recreational in certain jurisdictions, businesses, including those in which the Partnership may invest, and possibly even the Partnership itself, remain subject to the risk of U.S. federal prosecution and asset forfeiture. The U.S. federal government may, for example, bring suit against cannabis companies and seize their assets, leaving investors such as the Partnership with no remedies to recover their investments in such companies. Certain service providers that the Partnership does business with may not want to do business with the Partnership due to concern for reputational and other risks.

The regulatory regime for cannabis is inconsistent from U.S. state to U.S. state. The cultivation and use of cannabis remain illegal under U.S. federal law, and among the U.S. states that have legalized it, certain states allow for the recreational use of cannabis, while others limit its use solely for medicinal purposes. In states allowing only medicinal use of cannabis, limitations on what qualifies as treatment for medicinal

purposes differ widely. In certain states, cannabis dispensaries must have non-profit status, while others allow for-profit dispensaries or nonprofit dispensaries run by for-profit consultancies. These inconsistencies may increase the difficulty with which the cannabis industry expands across state lines and may limit the growth of the industry as a whole. As a result, companies in which the Partnership may invest may be limited or otherwise adversely impacted by an inability to grow their respective businesses across U.S. state lines.

All U.S. states have passed laws relating to conspiracy, aiding and abetting, and money laundering and certain states have criminal codes providing that a person can be convicted of a crime in that state if any element of the crime occurred within that state. Certain money laundering statutes may criminalize financial transactions which involve the proceeds of certain kinds of criminal conduct, such as the sale of drugs. Additionally, state criminal and civil forfeiture laws may allow the government to seize the proceeds of criminal activity, which may be found to include assets of companies in which the Partnership invests or the Partnership's assets.

Risks Associated with Loan Purchases. Purchases of loans and other forms of direct indebtedness depend primarily upon the creditworthiness of the borrower for payment of principal and interest, and adverse changes in the creditworthiness of the borrower may affect its ability to pay principal and interest. Direct debt instruments may not be rated by any rating agency (although the Investment Manager believes that this presents an investment opportunity for the Partnership). In the event of non-payment of interest or principal, loans that are secured offer the Partnership more protection than comparable unsecured loans. However, no assurance can be given that the collateral for a secured loan can be liquidated or that the proceeds will satisfy the borrower's obligation. Investment in the indebtedness of borrowers with low creditworthiness involves substantially greater risks, and may be highly speculative. Borrowers that are in bankruptcy or restructuring may never pay off their indebtedness or may pay only a small fraction of the amount owed.

Private Equity. The Partnership may receive equity in private companies resulting from a restructuring of the issuer in which the Partnership previously invested. Investments in the private securities of companies involve a high degree of business and financial risk, particularly a company coming out of a restructuring. Such companies may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss. Such risks may adversely affect the performance of such investments and result in substantial losses. Although the Investment Manager may seek protective provisions in connection with certain of its private investments, to the extent the Partnership takes minority positions in companies in which it invests, the Investment Manager may not be in a position to exercise control over the management of such companies, and, accordingly, may have a limited ability to protect its position in such companies. The use of leverage by private companies may increase the exposure of such companies to adverse economic factors such as downturns in the economy or deterioration in the conditions of such companies or their respective industries. In the event any such company cannot generate adequate cash flow to meet debt service or operating expenses, the Partnership may suffer a partial or total loss of capital invested in the company, which, depending on the size of the Partnership's investments, could adversely affect the return on the capital of the Partnership.

General Economic and Market Conditions. The success of the Partnership's activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, economic uncertainty, changes in laws (including laws relating to taxation of the Partnership's investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). Currently, markets are experiencing volatility due to, among other things, the prospects of inflation and recession. These factors may affect, among other things, the level and volatility of securities' prices, the liquidity of the Partnership's

investments and the availability of certain securities and investments. Volatility or illiquidity could impair the Partnership's profitability or result in losses. The Partnership may maintain substantial trading positions that can be materially adversely affected by the level of volatility in the financial markets—the larger the positions, the greater the potential for loss.

Corona Virus. COVID-19 is causing economic uncertainty generally and for the Partnership and its investments, in particular. Consumer, corporate and financial confidence is being materially adversely affected by this pandemic. Such erosion of confidence may lead to or extend to a localized or global economic downturn. Such health crisis could exacerbate political, social, and economic risks and result in significant breakdowns, delays, and other disruptions to the economy, with potential corresponding results on the performance of the Partnership. The COVID-19 crisis has already led to certain governmental interventions that were implemented on an “emergency” basis, suddenly and substantially eliminating market participants' ability to continue to implement certain strategies or manage the risk of their outstanding positions. Additional governmental intervention is likely to occur and the impact on the Partnership and its investments cannot be predicted. Furthermore, this crisis could result in market liquidity constraints that would limit the ability of the Partnership to dispose of investments.

Russia-Ukraine Conflict. On February 24, 2022, Russia launched an invasion of Ukraine that has resulted in an ongoing military conflict between the two countries (the “Russia-Ukraine Conflict”). The Russia-Ukraine Conflict has caused, and is currently expected to continue to cause, significant disruptions to the global financial system, international trade, and the transportation and energy sectors, among other disruptions. In addition, the Russia-Ukraine Conflict has displaced millions of people, causing an acute refugee crisis in Europe, and has increased the threat of nuclear accidents or attacks, cyberattacks and further regional or global conflicts (including a potential expansion of the Russia-Ukraine Conflict to other countries as well as other potential conflicts, including, but not limited to, conflicts in other geographic locations and between other state and non-state actors), among other potentially dire consequences. In response to Russia's actions, multiple countries and governing bodies, including the United States and the European Union, have put in place global sanctions and other severe restrictions or prohibitions on the activities of certain individuals and businesses connected to Russia and/or Belarus. Certain companies have also implemented restrictions that severely limit, and in some cases, reverse or cancel, business transactions in or involving certain individuals and/or businesses connected to or associated with Russia and/or Belarus. Further, some companies have moved to divest of Russia-based subsidiaries and assets. In addition, the impacts of the Russia-Ukraine Conflict on the supply chain and commodity prices are expected to be profound and may result in substantial inflation in one or more countries (or globally). However, the ultimate impact of the Russia-Ukraine Conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Partnership or any particular industry, business, currency or country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine Conflict may have a significant adverse impact on, and result in significant losses to, the Partnership, which could result in a partial or total loss of investment for the Limited Partners. In particular, the Partnership may suffer significant increases in operating costs, losses from cyberattacks, significant reductions in revenue and growth, increased foreign exchange risk and/or unexpected operational losses and liabilities. It may also limit the ability of the Partnership to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (sanctions-related, military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the Partnership, all of which could adversely affect the Limited Partners.

Inflation. Inflation and rapid fluctuations in inflation rates have had in the past, and may in the future have, negative effects on economies and financial markets. In an attempt to stabilize inflation, countries may

impose wage and price controls or otherwise intervene in the economy. Governmental efforts to curb inflation often have negative effects on the level of economic activity. As such, inflation and rapid fluctuations in inflation rates can adversely affect the financial performance of the Partnership. There can be no assurance that continued and more wide-spread inflation will not become a serious problem in the future and have an adverse impact on the performance of the Partnership.

Market Disruptions; Governmental Intervention; Dodd-Frank Wall Street Reform and Consumer Protection Act. The Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), which aims to reform various aspects of the U.S. financial markets, covers a broad range of market participants including investment advisers (registered and unregistered) such as the Investment Manager. The Dodd-Frank Act may directly affect the Investment Manager by mandating additional new reporting requirements, including, but not limited to, position information, use of leverage and counterparty and credit risk exposure.

The Dodd-Frank Act may also affect the Partnership in a number of other ways. Pursuant to the Dodd-Frank Act, banks and other financial firms (like the Partnership and the Investment Manager) may be designated as “Systemically Important Financial Institutions” or SIFIs. Any bank or financial firm so designated will be subject to regulation by the Federal Reserve Board. In the area of derivatives, the Dodd-Frank Act provides for the registration and comprehensive regulation of “major swap participants.” Although the General Partner and the Investment Manager believe they are unlikely to be classified as SIFIs and are not subject to the requirements for “major swap participants,” the consequences of being so classified could be substantial and adverse. In addition, the cost of derivative transactions may substantially increase as result of the Dodd-Frank Act as additional margin, capital and collateral obligations are implemented.

The Partnership may incur major losses in the event of disrupted markets and other extraordinary events in which historical pricing relationships become materially distorted. The risk of loss from pricing distortions is compounded by the fact that in disrupted markets many positions become illiquid, making it difficult or impossible to close out positions against which the markets are moving. The financing available to the Partnership from its banks, dealers and other counterparties will typically be reduced in disrupted markets. Such a reduction may result in substantial losses to the Partnership. Market disruptions may from time to time cause dramatic losses for the Partnership, and such events can result in otherwise historically low-risk strategies performing with unprecedented volatility and risk.

Exchange Rate Fluctuations; Currency Considerations. The Partnership may invest in securities denominated in currencies other than the U.S. dollar or hold active currency positions that are denominated in currencies other than the U.S. dollar and, as a result, may be exposed to currency exchange risk. Changes in exchange rates between currencies or the conversion from one currency to another may cause the value of the Partnership’s investments to diminish or increase. Currency exchange rates may fluctuate over short periods of time and are generally determined by supply and demand in the currency exchange markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors. Currency exchange rates can be affected unpredictably by intervention (or the failure to intervene) by governments or central banks, or by currency controls or political developments.

Furthermore, the Partnership may incur costs in connection with conversions between various currencies. Currency exchange dealers realize a profit based on the difference between the prices at which they are buying and selling various currencies. Thus, a dealer normally will offer to sell currency to the Partnership at one rate, while offering a lesser rate of exchange should the Partnership desire immediately to resell that currency to the dealer. The Partnership will conduct currency exchange transactions either on a spot (i.e., cash) basis at the spot rate prevailing in the currency exchange market, or through entering into forward or options contracts to purchase or sell non-U.S. currencies. It is anticipated that most of the Partnership’s

currency exchange transactions will occur at the time securities are purchased or when coupon payments are made and will be initiated primarily for the purpose of hedging.

Suspension of Trading. For all securities traded on public exchanges, each exchange typically has the right to suspend or limit trading in all securities that it lists. Such a suspension could render it impossible for the Partnership to liquidate its positions and thereby expose it to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough for the Partnership to close out positions.

Change in Investment Strategies. The investment strategies, approaches and techniques discussed herein may evolve over time due to, among other things, market developments and trends, the emergence of new or enhanced investment products, changing industry practice and/or technological innovation. As a result, these investment strategies, approaches and techniques may not reflect the investment strategies, approaches and techniques actually employed by the Partnership. Nevertheless, the investments made on behalf of the Partnership will be consistent with the Partnership's investment objective.

Broker Risk. The Partnership's assets may be held in one or more accounts maintained for the Partnership by its prime brokers or at other brokers or custodian banks, which may be located in various jurisdictions, including emerging market jurisdictions. The prime brokers, other brokers (including those acting as sub-custodians) and custodian banks are subject to various laws and regulations in the relevant jurisdictions that are designed to protect their customers in the event of their insolvency. Accordingly, the practical effect of the laws protecting customers in the event of insolvency and their application to the Partnership's assets may be subject to substantial variations, limitations and uncertainties. For instance, in certain jurisdictions, brokers could have title to the Partnership's assets or not segregate customer assets. Because of the large number of entities and jurisdictions involved and the range of possible factual scenarios involving the insolvency of a prime broker, another broker or a clearing corporation, it is impossible to generalize about the effect of the insolvency of any of them on the Partnership and its assets. Investors should assume that the insolvency of any of the prime brokers, local brokers, custodian banks or clearing corporations may result in the loss of all or a substantial portion of the Partnership's assets or in a significant delay in the Partnership having access to those assets. As part of its agreements with its prime brokers, the Partnership has agreed that its brokers may reuse or rehypothecate collateral and assets of the Partnership in certain circumstances and subject to certain limits as more fully set out in those agreements.

Concentration of Credit Risk. In the normal course of business, the Partnership maintains its cash balances in financial institutions, which at times may exceed federally insured limits. The Partnership is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf. The Management Company monitors the financial condition of such financial institutions to seek to avoid any losses from these counterparties.

Risks Associated with the Partnership:

Dependence on Key Personnel. The success of the Partnership will depend upon the ability of the Principals to develop and implement investment strategies that achieve the Partnership's investment objectives. If one or more of the Principals were to become unable to participate in the management of the Partnership, the consequences to the Partnership could be material and adverse. The past performance of the Partnership, the Investment Manager, the General Partner, the Principals, their respective affiliates and funds they manage is no guarantee of future performance.

Valuation. Valuations of certain of the Partnership's securities and other investments may involve uncertainties and judgmental determinations, and if such valuations should prove to be incorrect, the net asset value of the Partnership could be adversely affected. Certain of the Partnership's investments may not be listed on established exchanges, which may make a determination of the fair market value of such

securities difficult to accurately determine. Furthermore, even for listed securities, the General Partner may determine that the listed prices of the securities as determined in accordance with the valuation procedures set forth in the Partnership Agreement do not reflect the actual value of the securities and the General Partner may make such appropriate and reasonable modifications thereto to reflect the value of the securities, including to reflect liquidity conditions or other factors affecting such value. Third-party pricing information may at times not be available regarding certain securities. Valuation determinations made by Investment Manager, subject to the overall supervision of the General Partner, as described in this Memorandum, which will be conclusive and binding, may affect the amount of the Management Fee and Incentive Allocation.

Cybersecurity Risk. With the increased use of technologies such as the Internet to conduct business, the Partnership is susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through “hacking” or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data, or causing operational disruption. Cyber-attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (i.e., efforts to make network services unavailable to intended users). Cyber incidents affecting the Investment Manager’s and other service providers (including, but not limited to, Partnership accountants, custodians, transfer agents and financial intermediaries) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the Partnership’s ability to value its securities or other investments, impediments to trading, the inability of Limited Partners to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which the Partnership invests, counterparties with which the Partnership engages in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for Limited Partners) and other parties. In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While the Partnership’s service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Partnership cannot control the cyber security plans and systems put in place by its service providers or any other third parties whose operations may affect the Partnership or its Limited Partners. The Partnership and its Limited Partners could be negatively impacted as a result.

Item 9: Disciplinary Information

Millstreet and its employees have not been involved in any legal or disciplinary events that would be material to a client’s or prospective client’s evaluation of Millstreet’s advisory business or the integrity of its management and personnel.

Item 10: Other Financial Industry Activities and Affiliations

Millstreet Co-Founder and Co-Chief Investment Officer Brian Connolly is an independent director of Aware, Inc., a leading supplier of biometrics software products and development services and serves as a member of the Board’s Audit Committee and Nominating and Corporate Governance Committee. This directorship is unrelated to Millstreet’s investments and operations, and Mr. Connolly personally receives shares and/or options for this position. Mr. Connolly also serves on the Board of Directors of Fuse Holding, LLC and Southeastern Grocers Inc.

Millstreet Co-Founder and Co-Chief Investment Officer Craig Kelleher currently serves on the Board of Directors of US Shale Solutions, LLC, Trailblazer Energy Resources, LLC (f/k/a ETX Energy, LLC), and Canvas Energy Inc. (f/k/a Chaparral Energy LLC).

As a result of these board seats, the Fund and SMAs may be restricted from transacting in securities of such issuers.

Director's fees or similar compensation as a result of any of the officers, directors or employees of Millstreet serving as Directors on the board (or similar governing positions) of companies that are in the portfolios of the Fund will either be paid to the Fund or be used to offset any Management Fees payable to the Investment Manager from the Fund on a dollar-for-dollar basis. Such payment or offset shall be determined pro rata based on all advisory clients of the Investment Manager and its affiliates that are invested in such related companies.

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

Millstreet has adopted a Code of Ethics (the "Code") pursuant to Rule 204A-1 under the Advisers Act for its members and employees (collectively, "employees"). In recognition of its fiduciary duty to its clients and the desire to maintain high ethical standards, Millstreet has adopted this Code containing rules for business conduct to help employees avoid potential conflicts of interest that may arise from their actions and their personal investments.

Under the Code, Millstreet's employees must seek pre-approval from the Chief Compliance Officer prior to trading in many types of securities for accounts they, or their immediate family members with whom they share a household, beneficially own or control. In addition to pre-approval, Millstreet's policies prohibit trading in corporate taxable fixed-income securities (the majority of the assets in client accounts), securities held in accounts managed by Millstreet within 30 days of any trades in that security for Millstreet's client accounts, and securities which are under consideration for client accounts, among other restrictions. Personal trades are examined for potential conflicts of interest, among other things. Millstreet reviews all transactions submitted and executed by employees in order to identify any possible violations or any pattern of conduct that may evidence a conflict or potential conflict with the principles and objectives of Millstreet's Code or other inappropriate behavior. Millstreet's Code is available for review by clients and prospective clients upon request.

An affiliate of Millstreet, Millstreet Capital Partners LLC, a Delaware limited liability company, is the General Partner of the Fund, to which Millstreet provides investment management and administrative services. The General Partner maintains capital in the Funds (which may include amounts invested in limited partnership and shareholder interests beneficially owned by Class A members of the General Partner) in an amount equal to at least \$1,000,000. Effective January 2023, Millstreet Capital Management no longer maintains capital in the Fund as its interest was transferred to limited partner interests beneficially owned by Millstreet's principal owners. Millstreet may recommend to its clients investment in the Fund, subject always to Millstreet's fiduciary duty to act in the interests of its clients.

Item 12: Brokerage Practices

Millstreet has the authority to determine, without specific client consent, the securities to be bought or sold, the amount of securities to be bought or sold, and the broker or brokers with whom to execute each transaction. In choosing the broker-dealer to use for each securities transaction, Millstreet seeks best execution. We are not required to select the broker that charges the lowest transaction cost and consider many factors. We take into account the financial stability and reputation of the broker-dealer and the execution services provided by such broker-dealer. The majority of client account assets are invested in

corporate fixed-income securities which trade over-the-counter and not on an exchange. Some of the securities selected by Millstreet may be thinly traded and there may be only one broker-dealer who can execute the desired trade. The General Partner selects the prime brokers (or introducing brokers) that will handle all clearing, settlement, and custody of the Fund. The clients in the SMAs select the custodians and/or prime brokers for their accounts managed by Millstreet, but Millstreet may make a suggestion in the selection process.

In choosing a broker-dealer for bond loan transactions, Millstreet generally does not consider the value of various services or products that the broker-dealer provides client accounts beyond transaction execution. Some of our bond positions are in securities for which there is very limited research available. Millstreet may receive, on an unsolicited basis, various research and other products and services from brokers or dealers. Millstreet affords no consideration, however, to the receipt of such products and services when determining through which brokers or dealers it executes client securities transactions. Millstreet does not use soft dollar benefits to service client accounts. Transaction fees are built into the price of a bond transaction and an OTC credit default swap, whereas a commission per share, per contract, or per trade is paid for equities, options, and cleared CDS transactions, respectively.

Millstreet will, as a policy, allocate all investment opportunities among its clients in a manner that it considers fair and equitable to all clients, considering all factors potentially applicable to each client. The following are among the factors that may be considered by Millstreet in allocating trades among client accounts: strategies, investment policies, guidelines or restrictions applicable to each specific client; cash availability; risk tolerances; portfolios' actual sector and position weightings vs targets; and diversification of holdings.

The Co-Chief Investment Officers of the Fund may bid for and purchase (and sell) the same securities as purchased and sold for Millstreet's SMA clients. Differing investment portfolios can be expected to result from several factors, including, without limitation, differences in investment strategy, potential regulatory constraints, client-imposed investment restrictions, and the amount of cash available for investment. For these reasons, such purchase and sale orders for the Fund may be made separately from purchases and sales for the SMA strategies. On occasion, Millstreet may purchase a security for the Fund or an SMA while at the same time it sells the same security for an SMA or the Fund. Such a transaction may occur if a SMA investor requests a change to its portfolio or in order to rebalance positions. Any transfer must be consistent with Millstreet's fiduciary obligations to its investors and must be effected through one or more broker-dealers.

If Millstreet believes that the purchase or sale of a security is in the best interest of more than one of its clients, Millstreet will generally aggregate orders of various accounts which are under the management of Millstreet and the General Partner for execution in order to seek to get the benefit of best prices or commission rates from a larger overall transaction size. Millstreet has established allocation and aggregation procedures that are designed to ensure that each client is treated fairly and that transactions are allocated in a manner that is fair and equitable to each client relative to other clients, taking into account all material relevant facts and circumstances. In certain cases, the aggregate order may be executed in a series of transactions at various prices and the trades are allocated to client accounts as to amount and price in a manner considered equitable to each account so that each typically receives the average price of such transactions. Exceptions may be made due to the size of the account and the size of the trade. In the event the Co-Chief Investment Officers determine to aggregate offers to buy or sell the same bonds across the Fund and SMAs, the aggregation policies described above will be in effect.

Item 13: Review of Accounts

Craig Kelleher, Managing Member of Millstreet and the General Partner and Co-Chief Investment Officer,

and Brian Connolly, Managing Member of Millstreet and the General Partner and Co-Chief Investment Officer, review investments in each client account on each trading day and regularly reassess valuations, theses, and the risk/reward profile of each existing investment on a stand-alone basis and within the context of the overall client account. The daily evaluation also facilitates adherence to the investment strategy. Internal portfolio profit and loss estimates are maintained on a real-time basis.

Conditions that may trigger a review aside from regular reviews are changes in applicable laws, new investment information, changes in the market, a change in the thesis related to any of our positions, and changes in a particular client's circumstances or investment mandate.

Millstreet's operations team also maintains portfolio profit and loss estimates for each client account. The estimate for the Fund is compared on a monthly basis to the accounting calculated by Stone Coast Fund Services LLC ("Stone Coast"), the administrator of the Funds, in order to confirm and approve the final net asset value and investor capital balances each month. Millstreet also reviews and approves the monthly NAV/share and ending net assets for each investor in the Offshore Fund. Millstreet's estimate of each SMA's profit and loss is compared monthly to the SMA investor's own accounting and/or that of the respective administrator or custodian of that account. The investor and Millstreet agree upon the profit and loss for the period and any associated fees.

The Fund's auditor, KPMG LLP, audits the books and records of the Fund and the Offshore Fund at the end of each fiscal year, and we annually provide investors in the Funds within 120 days of the Funds' fiscal year end with audited year-end financial statements prepared in accordance with GAAP.

Regarding the Fund, investor statements with capital balances and net performance for the month and year-to-date are provided to investors on a monthly basis by Stone Coast. Investors in the Offshore Fund receive investor statements from Stone Coast that include the NAV per share, ending net assets, and the month and year-to-date net performance. Investors in the Fund and Offshore Fund are also provided a commentary and a portfolio snapshot of the Fund generally on a monthly basis that includes details such as fund characteristics (AUM, number of total positions, exposures), fixed income distribution (weighted average coupon, yield, maturity, duration,), and performance (attribution, monthly, year-to-date, inception-to-date). On a quarterly basis, investors are provided a quarterly letter that includes portfolio and market commentary. Audited financial statements and K-1s are sent to investors in the Funds annually. Clients in the SMAs receive monthly statements from their respective custodians and administrators, where applicable. The SMA clients also receive from Millstreet the same general commentary provided to investors in the Funds and may receive consultation or reports as requested.

Item 14: Client Referrals and Other Compensation

From time to time in certain circumstances, Millstreet may accept introductions to prospective investors by way of its prime broker capital introduction teams. However, Millstreet does not pay such capital introduction team for any investments Millstreet may receive from prospective investors.

Item 15: Custody

All client assets are held in custody by unaffiliated broker/dealers or banks; however, Millstreet Capital Partners LLC is deemed to have custody of the Fund's assets since it serves as the General Partner of the Fund and has the ability to deduct advisory fees from the Fund's account. Limited partners in the Fund and shareholders in the Offshore Fund do not receive statements from the prime brokers. The Funds are subject to an annual audit and audited financial statements, which are prepared in accordance with generally accepted accounting principles by a PCAOB Accountant, are distributed annually to each limited partner or shareholder, as the case may be, within 120 days of the end of each fiscal year.

Millstreet is not deemed to have custody over any SMA client accounts and is expressly prohibited from taking or receiving possession of any of the assets in the current SMAs.

Item 16: Investment Discretion

Millstreet has discretionary authority to manage investment accounts on behalf of its clients. Under these arrangements, Millstreet has the authority to determine, without obtaining specific client consent, the securities to be bought or sold and the amount of the securities to be bought or sold on behalf of clients. Millstreet's discretionary authority with respect to its SMA clients may be limited by specific mandates outlined and agreed upon in each client's individual investment advisory agreement with Millstreet. There are no specific limitations on Millstreet's authority with respect to the Funds other than as set forth in the offering memorandum.

All investors in the Funds agree to grant Millstreet an irrevocable power of attorney to sign necessary documents related to the business and management of the Funds on behalf of each such investor. Each investor grants this power upon execution and acceptance of the subscription documents for the Fund or Offshore Fund, as applicable. Regarding the SMAs, each investor has authorized and appointed Millstreet the attorney-in-fact with respect to trading for the investor's SMA.

Item 17: Voting Client Securities

Millstreet's overall policy is to vote proxies and voluntary corporate action events and to evaluate class actions in the best interest of its clients. A material conflict of interest may arise if Millstreet, one of its principals, or one of its employees has a substantial business or personal relationship with the company that is the subject of a proxy or voluntary corporate action event or a proponent of a proxy proposal and the failure to vote in favor of management or the proponent could harm Millstreet's relationship with such persons or company. Janet Kastrud is Millstreet's designated Proxy Voting Administrator. She serves as the arbiter in determining whether specific proxies or corporate actions pose a material conflict of interest with Millstreet members or employees. The Proxy Voting Administrator helps resolve material conflicts of interest related to proxies or corporate actions on a case-by-case basis. Resolution may involve recusing a Co-Chief Investment Officer from the voting decision or securing a third party to exercise the vote in the best interest of our clients. In general, Millstreet has minimal proxies to vote since the majority of its positions are in fixed income. However, voluntary corporate events for which Millstreet needs to make elections occur fairly frequently related to bond positions in Millstreet's portfolios.

The SMA investors may reserve the authority to vote proxies on behalf of their accounts and receive proxy information directly. In these cases, Millstreet may make suggestions to the investors regarding how certain proxies should be voted. Regarding voluntary corporate actions for bonds in the SMA portfolios, Millstreet has the authority to make the relevant elections.

In terms of participating in class actions, Millstreet will evaluate each class action to determine if it would be in the best interest of the Fund to participate. Regarding the SMAs, Millstreet will forward along information for the SMA investors to decide whether to file or not. Millstreet will not file a class action claim on behalf of any SMA investor unless requested to but may recommend what action the SMA investors should take.

Millstreet will deliver to each Fund and SMA upon written request a complete copy of its Proxy Voting and Election Policies and Procedures and/or information on how it voted proxies or made elections for the Funds or SMAs.

Item 18: Financial Information

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