

Item 1
Cover Page

AURELIUS CAPITAL MANAGEMENT, LP

Part 2A of Form ADV
The Brochure

1330 Avenue of the Americas
14th Floor, Suite A
New York, New York 10019
(646) 445-6500
www.aurelius-capital.com

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This brochure (the “Brochure”) provides information about the qualifications and business practices of Aurelius Capital Management, LP (“ACM” or the “Company”). If you have any questions about the contents of this brochure, please contact us at 646-445-6500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Item 2
Material Changes

Material changes from our last annual amendment on March 31, 2023, include:

- Item 1, the Cover Page, has been updated to reflect Aurelius' new principal office address at 1330 Avenue of the Americas, 14th Floor, Suite A, New York, New York 10019.

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Advisory Business

Aurelius Capital Management, LP, a Delaware limited partnership, was formed in April 2005 and provides investment management and certain administrative and managerial services to private investment funds (each, a “Fund”). The Funds include:

(1) Aurelius Capital Partners, LP, a Delaware limited partnership (“ACP”); (2) Aurelius Capital Partners II, LP, a Delaware limited partnership (“ACP II”); (3) Aurelius Capital International, Ltd., a Cayman Islands exempted company (“ACI”); (4) Aurelius Capital International II, Ltd., a Cayman Islands exempted company (“ACI II”); and (5) Aurelius Capital Master, Ltd., a Cayman Islands exempted company (“ACI Master” and, together with ACP, ACP II, ACI, ACI II, and their respective affiliates, the “Evergreen Funds”). Each of ACP, ACP II, ACI, and ACI II invests all of its investable assets through a “master-feeder” structure in ACI Master. On February 27, 2023, Aurelius announced that it is winding down its Evergreen Funds in order to focus exclusively on other Aurelius funds.

(6) Aurelius Long-Term Opportunities Fund (U.S.), LP, a Delaware limited partnership (“ALTOF U.S.”); (7) Aurelius Long-Term Opportunities Fund (International), LP, a Cayman Islands exempted limited partnership (“ALTOF International”); and (8) Aurelius Long-Term Opportunities Master Fund, LP, a Cayman Islands exempted limited partnership (“ALTOF Master”, and, together with ALTOF U.S. and ALTOF International, and their respective affiliates, the “Drawdown Funds”). Each of ALTOF U.S. and ALTOF International is a feeder funds which invests all of its investable assets through a “master-feeder” structure in ALTOF Master (together with ACP, ACP II, ACI, ACI II, ACI Master and their respective affiliates, the “Funds”).

Where appropriate, references to the Funds include entities through which the Funds invest.

Mr. Mark D. Brodsky is the Chairman and Chief Investment Officer of ACM (the “Chairman”) and controls ACM as the senior managing member of its general partner, Aurelius Capital Management GP, LLC, a Delaware limited liability company. Mr. Brodsky also serves as the senior managing member of (i) Aurelius Capital GP, LLC, a Delaware limited liability company, that serves as the general partner of ACP and ACP II; and (ii) Aurelius Long-Term Opportunities GP, LLC, a Delaware limited liability company, that serves as the general partner of ALTOF U.S., ALTOF International and ALTOF Master. Aurelius Capital GP, LLC is also a shareholder of ACI and ACI II.

ACM serves as investment manager or adviser to the Funds, which seek to maximize returns subject to preserving capital and minimizing correlation with the overall financial markets. The Funds are generally referred to as distressed credit and event-driven funds. The Funds’ investments may be concentrated in one or more of the following categories (while not investing in others) based on ACM’s evaluation of the most attractive opportunities:

- entities that are, or face the prospect of becoming, financially stressed or distressed;
- entities undergoing, or facing the prospect of undergoing, significant corporate events;

- investments that may be affected by material legal disputes;
- companies facing material regulatory developments; and
- capital-structure arbitrage.

The Funds may invest in all manner of instruments and obligations, including equity and debt securities, bank debt, trade debt, options, contractual and litigation claims, market and sector indices and derivatives. Where appropriate, references herein to securities include other financial instruments invested in by the Funds.

ACM manages the assets of each of the Funds in accordance with the terms of the governing documents applicable to each Fund. Investment advice is provided directly to each Fund and not individually to the investors in the Funds.

In addition, ACM has the right to enter into agreements, such as side letters, with certain underlying investors of the Funds that may in each case provide for terms of investment that are more favorable than the terms provided to other underlying investors of the Funds.

Persons reviewing this Form ADV Part 2A should not construe this as an offering of any of the Funds described herein, which will only be made pursuant to the delivery of an offering memorandum to prospective investors.

ACM does not currently participate in wrap fee programs.

As of December 31, 2022, ACM's regulatory assets managed on a discretionary basis on behalf of the Funds were \$1,161 million.

Aurelius Capital Management (UK), LLP ("ACM UK") was established in London, United Kingdom on August 6, 2014, and was authorized by the Financial Conduct Authority ("FCA") on February 3, 2015. On December 16, 2021, ACM UK applied to cancel its authorization with the FCA. ACM UK is an indirect subsidiary of ACM, a relying adviser of ACM but no longer provides sub-advisory services to ACM and the Funds.

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Fees and Compensation

Management Fees

ACM receives management fees from each of ACP, ACP II, ACI and ACI II equal to 1.25% per annum (0.3125% per quarter) of the value of each investor's interest. The management fees are calculated and paid quarterly in advance. A proportionate management fee is paid to ACM out of any investments made in an Evergreen Fund on any date that does not fall on the first day of a quarter, based on the actual number of days remaining in such partial quarter. The Evergreen Funds are in wind-down. As such, distributions will be made to investors in an orderly fashion in accordance with the terms of the fund documents.

ACM receives management fees from each of ALTOF U.S. and ALTOF International equal to 1.25% per annum (0.3125% per quarter) of the value of each investor's interest. The management fees are calculated and paid quarterly in advance. A proportionate management fee is paid to ACM out of any investments made in a Drawdown Fund on any date that does not fall on the first day of a quarter, based on the actual number of days remaining in such partial quarter.

Performance-Based Compensation

ACP and ACP II. Aurelius Capital GP, LLC, the general partner of ACP and ACP II, is entitled to an incentive allocation equal to 20% of the net capital appreciation allocated to each investor's capital account (taking into account any gains or losses from realized or deemed realized Special Investments (see Item 8 – Risk Factors – Risks of Investing in Special Investments) and any dividend, interest or other income related thereto) for each fiscal year, subject to a high water mark provision.

ACI and ACI II. Aurelius Capital GP, LLC is entitled to an incentive allocation equal to 20% of the net realized and unrealized appreciation in the net asset value of each investor's series of shares (taking into account any gains or losses from realized or deemed realized Special Investments and any dividend, interest or other income related thereto) for each fiscal year, subject to a high water mark provision.

ALTOF U.S. and ALTOF International. Aurelius Long-Term Opportunities GP, LLC is entitled to an incentive allocation equal to 20% of distributions in accordance with the terms of a waterfall distribution.

ACM's management fees and incentive allocations are not negotiable. However, ACM may elect to waive, reduce or calculate differently the management fee and/or incentive allocation with respect to any investor in any fiscal period. Management fees and incentive allocations are deducted directly from the Funds. Certain members and/or employees of ACM (and certain persons and entities related to them) do not pay a management fee or an incentive allocation.

Additional Fees and Expenses

Each Fund bears its own operating and other expenses including, but not limited to, investment-related expenses (e.g., brokerage commissions, clearing and settlement charges, custodial fees, interest expense, consulting, legal and other professional fees relating to particular investment opportunities, investment-related travel and lodging expenses, investment- and trading-related computer hardware and software, including, without limitation, trade order management software and risk management software and services), legal expenses, accounting, audit and tax preparation expenses, organizational expenses, expenses relating to the offer and sale of the interests in such Fund, expenses relating to obtaining insurance for members of ACM and its affiliates, management fees, taxes assessed against such Fund, remuneration to the members of the Boards of Directors/Managers, expenses related to such Fund's registered office, fees and expenses of the administrator, extraordinary expenses and other similar expenses related to such Fund.

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Performance-Based Fees and Side-by-Side Management

As stated in Item 5 above, the Funds are charged an incentive allocation or a waterfall distribution, as applicable, which is a performance-based allocation based on the net capital appreciation of the Funds' assets. Affiliates of ACM receive the annual incentive allocation.

All of the Funds are currently subject to an incentive allocation as described herein. The fact that affiliates of ACM are compensated based on the net capital appreciation of a Fund may create an incentive for ACM to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. Certain Funds' incentive allocation will be determined on both realized and unrealized gains, ACM or its affiliates may receive an incentive allocation reflecting unrealized gains at the end of a year that are not subsequently realized by a Fund.

In the allocation of investment opportunities, performance-based compensation arrangements may create an incentive to favor accounts from which affiliates of ACM may receive greater performance-based compensation over accounts from which affiliates of ACM may receive less performance-based compensation. ACM has an allocation policy for allocating investments among its Funds pursuant to which ACM endeavors to allocate investments among the Funds and treat the Funds in a fair and equitable manner.

ACM values the assets held by the Funds and will be responsible for the determination of asset valuations for all purposes, including the determination of the management fee and the incentive allocation. In making any valuation determination, ACM may be deemed subject to a conflict of interest as the value of the portfolio will affect its compensation. Each Fund has contracted with a third-party administrator to provide certain services, including the independent verification of the calculation of management fees and incentive allocations in addition to the independent verification of the use of valuations in calculating the net asset value calculation and capital account maintenance.

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Types of Clients

ACM provides advisory services to the Funds, which are pooled investment vehicles. The current investment minimum for initial subscriptions in a Fund is generally \$10 million; however, ACM maintains discretion to accept less than the minimum investment threshold.

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Methods of Analysis, Investment Strategies and Risk of Loss

The Funds are what are generally referred to as distressed credit and event-driven funds. The Funds' investments may be concentrated in one or more of the following categories (while not investing in others) based on ACM's evaluation of the most attractive opportunities:

- entities that are, or face the prospect of becoming, financially stressed or distressed;
- entities undergoing, or facing the prospect of undergoing, significant corporate events;
- investments that may be affected by material legal disputes;
- companies facing material regulatory developments; and
- capital-structure arbitrage.

The Funds may invest in all manner of instruments and obligations, including equity and debt securities, bank debt, trade debt, options, contractual and litigation claims, market and sector indices, and derivatives. The Funds may invest anywhere in the world, but ACM has a strong preference for countries having reliable legal systems and markets.

ACM's analysis and investment strategy has the following salient characteristics:

1. *Evaluate and exploit legal and capital-structure issues with the same level of sophistication as business issues.* ACM uses this approach to identify and assess components of value that are often overlooked or incorrectly assessed by other investors and hence not properly reflected in market prices. These components of value, by their nature, are generally uncorrelated with the financial markets.

2. *Selectively engage in activism.* ACM expects that a significant percentage of the Funds' positions will be activist – meaning that ACM and/or its affiliates will be active participants in the reorganization or other process that is expected to shape the outcome of the investment. ACM believes that activism, selectively and suitably applied, can significantly enhance the Funds' ability to achieve their investment objectives (e.g., improving returns, reducing correlation to the financial markets and mitigating risk).

3. *Seek opportunity throughout the capital structure.* ACM believes that all levels of the capital structure should be considered. This should significantly increase the universe of investment opportunities available to the Funds and allow ACM to select those opportunities that best fit ACM's analytical view and the Funds' investment objectives.

4. *Conduct investment research meticulously.* ACM believes that investment analysis remains an area where persistent, meticulous effort can provide a meaningful investment edge. There are two key components of this approach. The first is ensuring that all elements of the research be explored deeply (although positions may be initiated while research is ongoing). For example, to ascertain the rights of securities, it is more reliable and informative (but also more time-consuming) to read operative documents, such as indentures and charters, than rely on secondary material such as prospectuses. Second, although ACM employs capable analysts, Mr.

Brodsky and/or other senior personnel are personally involved in the research process, thereby ensuring that their experience and expertise will be brought to bear.

Risk Factors

The description contained herein is an overview of the risks entailed in ACM's investment strategy. The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds advised by ACM. Investment in a Fund is speculative and involves a substantial degree of risk, including the risk that an investor could lose some or all of its investment. An investment in a Fund provides limited liquidity since the investment is not freely transferable, and the redemption and withdrawal rights of investors are restricted. Below is a simplified summary of certain risk factors, and does not purport to be a complete list or explanation of the risks involved in an investment in the Funds advised by ACM. Prior to making any investment in a Fund, investors should carefully review the applicable offering documents for a more complete description of the risk factors and conflicts of interest relating to such Fund.

General. The investments made by the Funds will generally consist of debt obligations, securities and other assets that have significant risks as a result of business, financial, market or legal uncertainties. There can be no assurance that ACM will accurately evaluate the nature and magnitude of the various factors that could affect the value and return on the Funds' investments. Prices of the Funds' investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of the Funds' portfolios and the value of their investments.

Dependence on Key Individuals. The Funds' portfolios are dependent on the continued service and active management services of Mr. Brodsky. If the services of Mr. Brodsky were to discontinue for any reason, the consequence to the Funds' portfolios could be material and adverse.

Investing in Securities is Inherently Risky. An investment in a Fund involves a high degree of risk, including the risk that the entire amount invested may be lost. The investments selected by ACM should be deemed speculative investments and are not intended as a complete investment program. These types of investments are designed for sophisticated investors who fully understand and are capable of bearing the risk of loss of their entire investment. ACM cannot give any guarantee that it will achieve its investment objectives or that any Fund, or investor therein, will receive a return of its investment.

In-Kind Distributions. A redeeming or withdrawing investor may, at the sole and absolute discretion of the Board of Directors or General Partner, as the case may be, receive assets owned by a Fund in lieu of, or in combination with, cash. The value of the assets distributed may increase or decrease before the assets can be sold, and the investor will incur transaction costs in connection with the sale of such assets.

Business and Regulatory Risk of Hedge Funds. The financial services industry generally, and the activities of alternative investment funds and their managers in particular, have been subject to intense and increasing regulatory scrutiny. Such scrutiny may increase ACM's and/or the Funds' exposure to potential liabilities and to legal, compliance and other related costs.

Investing in Distressed Securities Involves a Substantial Degree of Risk. The Funds invest in securities or other obligations of entities that are experiencing significant financial or operational difficulties and may be involved in bankruptcy or other reorganization and liquidation proceedings. This area of investing is unusually complex and multi-dimensional. The timing and amount of recoveries can be materially affected by a myriad of operational, legal and process issues, including the conduct not only of the obligors themselves, but also other economic stakeholders and judicial and quasi-judicial officials. There is no assurance that ACM will correctly anticipate and evaluate all of these elements. In any given situation, a Fund may lose its entire investment, may be required to accept cash or securities (which could be illiquid) with a value less than a Fund's original investment, and/or may be required to accept payment over an extended period of time. Under such circumstances, the returns generated from a Fund's investments may be negative or may not compensate investors adequately for the risks assumed.

Troubled company and other asset-based investments require active monitoring and may, at times, require participation in business strategy or reorganization proceedings by ACM or an affiliate. To the extent that ACM or its affiliates become involved in such proceedings, the Funds may have a more active participation in the affairs of the issuer than that normally assumed by an investor. In addition, involvement by ACM or an affiliate in an issuer's reorganization proceedings could result in the imposition of restrictions limiting ACM's ability to liquidate the Funds' positions in the issuer.

The Funds may invest in, among other things, "higher-yielding" (and, therefore, higher risk) debt instruments. Such securities may be below "investment grade" and may face ongoing uncertainties and exposure to adverse business, financial or economic conditions that could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated 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. It is likely that a major economic recession could have a materially adverse impact on the value of such securities. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of securities rated below investment grade.

Risks of Investing in Special Investments. The Funds may invest part of their assets in Special Investments, which are investments that ACM may determine that, for various reasons, have become illiquid or difficult to value, such as investments for which there is no readily available market, or that should be held intact for a lengthy period or until the resolution of a special event, or that should be held as a matter of fairness to prevent dilution. The Funds may not be able to readily dispose of a Special Investment and, in some cases, may be contractually or legally prohibited from disposing of such investments for a specified or indefinite period of time.

Special Investments and other assets and liabilities for which no market prices are available will be carried on the books of the Funds at fair value (which may be cost), as determined in good faith by ACM. There is no guarantee that fair value will represent the value that will be realized by the Funds on the eventual disposition of the investment or that would, in fact, be realized upon an immediate disposition of the investment. Sales of assets held as Special Investments may not be

possible and, if possible, may be made at substantial discounts from cost. In addition, Special Investments may include investments in securities that cannot be sold except pursuant to a registration statement filed under the Securities Act of 1933 (“Securities Act”), or in a private placement or other transaction exempt from registration under the Securities Act. A withdrawing investor with an interest in a Special Investment will not receive any amount in respect of such interest until the related Special Investment is realized or deemed realized.

Risks Associated with Bankruptcy Cases. Many of the events within a bankruptcy case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy court would not approve actions that may be contrary to the interests of the Funds. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and functional operating control of a debtor. In those cases where a Fund, by virtue of such action, is found to exercise “domination and control” of a debtor, a Fund may lose its priority if the debtor can demonstrate that its business was adversely impacted or other creditors and equity holders were harmed by a Fund.

Generally, the duration of a bankruptcy case can only be roughly estimated. Unless a Fund’s claim in such case is secured by assets having a value in excess of such claim, no interest will be permitted to accrue and, therefore, a Fund’s return on investment can be adversely affected by the passage of time during which the plan of reorganization of the debtor is being negotiated, approved by the creditors, and confirmed by the bankruptcy court. The risk of delay is particularly acute when a creditor holds unsecured debt or when the collateral value underlying secured debt does not equal the amount of the secured claim. Under most circumstances, unless the debtor is proved to be solvent, no interest or fees are permitted to accrue after the commencement of the debtor’s case, as a matter of U.S. bankruptcy law. It should also be noted that reorganizations outside of bankruptcy are also subject to unpredictable and potentially lengthy delays. Non-U.S. jurisdictions in general are more prone to liquidating insolvent companies or giving them less time or flexibility to reorganize and continue as going concerns.

Bankruptcy law presents countless legal and process pitfalls and areas for legal dispute. These result from, among other things, ambiguity or complexity in bankruptcy statutes, evolution of court-made law, mixed quality of judges and advocates, novel facts, and the contentiousness of competing parties. Moreover, the outcome of bankruptcies and restructurings is often shaped by votes or other actions of other creditors, who may not share ACM’s views or objectives and who may, as a result of cross-ownership (*i.e.*, owning claims or interests of two or more competing classes) be indifferent to inter-creditor issues that ACM may consider important to its investment thesis. These issues can dramatically affect the timing and amount of recoveries experienced by different classes of creditors and stockholders and can generate results that defy the expectations even of seasoned distressed investors. While ACM believes that the uncertainty and complexity of the bankruptcy process can themselves provide good investment opportunities, there can be no assurance that ACM will always correctly assess and handicap the pertinent issues, and there is an inherent element of unpredictability to the process.

The administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor’s estate prior to any return to creditors (other than out of assets or proceeds

thereof, which are subject to valid and enforceable liens and other security interests) and equity holders. In addition, certain claims that have priority by law over the claims of certain creditors (for example, claims for taxes) may be quite high.

ACM, an affiliate and/or a Fund may elect to serve on creditors' committees or other groups to ensure preservation or enhancement of a Fund's investment. A member of an official creditors' committee may owe certain obligations generally to all parties similarly situated that the committee represents. Although ACM believes that this is not normally the case with so-called ad hoc creditors' committees in which it participates, contrary arguments are occasionally raised by disgruntled adversaries, and there can be no assurance that a judge would not accept those arguments. ACM or its affiliates may resign from such committee or group for any reason. In such case, a Fund may not realize the benefits, if any, of participation on the committee or group. In addition, if a Fund is represented on a committee or group, it may be restricted or prohibited under applicable law from disposing of or increasing its investments.

Activism often requires a Fund to incur substantial expenses for lawyers and other professionals in order for ACM to advocate on behalf of a Fund. Although such expenses are sometimes reimbursed as part of a negotiated resolution, there is no absolute entitlement to such reimbursement, and it often does not occur.

Reorganizations can be contentious and adversarial and may result in litigation. The expense of pursuing claims or defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by a Fund and would reduce the value of investors' interests in a Fund.

Relative Value Strategies. Relative value strategies involve taking offsetting long and short positions in comparable securities that have either an economic or mathematical relationship to each other and where a distortion exists between either the historical price or the fair value of that relationship. These strategies may include merger arbitrage, convertible arbitrage, intra-industry pairs trades, cross-holdings and capital structure trades. Although there is an economic or mathematical relationship between such long and short positions, there is no guarantee that ACM's assessment of that relationship will be correct. Furthermore, because ACM's strategies involve short-selling, there is a risk that ACM will not be able to maintain its ability to borrow securities that have been sold short.

Event Driven. Event-driven investing requires ACM to make predictions about the likelihood that an event will occur and the impact such event will have on the value of a company's securities. If the event fails to occur or it does not have the effect foreseen, losses can result. For example, the adoption of new business strategies, or completion of asset dispositions, or debt reduction programs by a company may not be valued as highly by the market as ACM had anticipated, resulting in lower gains or losses. In addition, a company may announce a plan of restructuring which promises to enhance value and fails to implement it, resulting in losses. In liquidations and other forms of corporate reorganizations, the risk exists that the reorganization will be unsuccessful, be delayed or result in a distribution of cash or a new security, the value of which will be less than the purchase price of the security in respect of which such distribution was made.

Because of the inherently speculative nature of event-driven investing, the results of a Fund's investments should be expected to fluctuate from period to period.

Capital Structure Arbitrage. The success of ACM's capital structure arbitrage strategies will depend on its ability to identify and exploit inefficiencies in the pricing of risk within a company's capital structure. Identification and exploitation of market opportunities involve uncertainty. There can be no assurance that ACM 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 Funds seek to invest will reduce the scope for the Funds' investment strategies. In the event that the perceived mispricings underlying the Funds' positions fail to materialize, these investment strategies could be unsuccessful or result in losses.

Investments in Undervalued Financial Instruments. One of ACM's and its Funds' investment objectives is to invest in undervalued financial instruments. The identification of investment opportunities in undervalued financial instruments is a difficult task and there are no assurances that such opportunities will be successfully recognized or acquired. While investments in undervalued financial instruments offer the opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. In addition, the Funds may be required to hold such financial instruments for a substantial period of time before realizing their anticipated value. During this period, a portion of the Funds' funds would be committed to the financial instruments purchased, thus possibly preventing the Funds from investing in other opportunities.

Debt Instruments Generally. The Funds may invest in debt and related financial instruments of U.S. and non-U.S. issuers. These instruments may pay fixed, variable or floating rates of interest, and may include zero coupon obligations and may be in default in the payment of principal or interest. The value of fixed-income instruments in which the Funds invest will change in response to fluctuations in interest rates. When interest rates rise, the value of debt instruments can be expected to decline. Debt instruments with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities. It is likely that many of the debt instruments in which the Funds invest may be unrated and, whether or not rated, the debt instruments may be in default and may have speculative characteristics. The issuers of such instruments may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions.

The Funds may invest in debt instruments that have experienced or are contemplated to experience ratings downgrades. Other instruments may have the lowest quality ratings or may be unrated. Credit ratings evaluate the safety of the principal and interest payments, not the market value risk, of lower-rated instruments. Such ratings also do not reflect macroeconomic or systemic risk, including the risk of increased illiquidity in the credit markets. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events so that outstanding ratings may not reflect the issuer's current credit standing. Conversely, rating agencies may re-rate an instrument, which could cause substantial loss as the ratings are

downgraded. The Funds' investments may experience significant credit rating volatility. In addition, the Funds may be paid interest in-kind in connection with its investments in corporate debt and related financial instruments (*e.g.*, the principal owed to the Funds in connection with a debt investment may be increased by the amount of interest due on such debt investment). Such investments may experience greater market value volatility than debt obligations that provide for regular payments of interest in cash and, in the event of a default, the Funds may experience substantial losses.

Sovereign Debt. The Funds may invest in securities issued by an emerging markets government, its agencies, instrumentalities or its central bank ("Sovereign Debt"), which involves significant risk. Sovereign Debt issued by many emerging market countries is considered to be below investment grade and should be viewed as speculative with respect to the issuing government's ability to make payments of interest and principal. Some Sovereign Debt may be the equivalent of debt accorded the lowest credit rating available by United States rating agencies. Although the secondary market for Sovereign Debt has been relatively liquid in recent years, there have been periods of illiquidity, and ACM may have difficulty disposing of certain Sovereign Debt on behalf of the Funds from time to time. Many individual emerging market countries are large debtors to commercial banks, foreign governments and international financial organizations. Some emerging market countries have encountered difficulties in servicing their external debt obligations. These difficulties have led to agreements to restructure these debts, typically by rescheduling principal payments, reducing interest rates and principal amounts and extending new credit to finance interest payments on existing debt. Certain countries have not been able to make payments of interest on or principal of Sovereign Debt as such payments have come due. At times, certain emerging market countries have declared moratoriums on the payment of principal or interest on outstanding debt. The following risks are inherent in an investment in Sovereign Debt.

The governmental entity that controls the repayment of Sovereign Debt may not be able or willing to repay the principal or interest when due in accordance with the terms of such debt. A government's willingness or ability to repay principal and interest due in a timely manner may be affected by, among other factors, its cash flow situation, the extent of its foreign reserves, the availability of sufficient foreign exchange on the date a payment is due, the relative size of the debt service burden to the economy as a whole, the governmental entity's policy towards the International Monetary Fund and the political constraints to which a governmental may be subject. Governments may also be dependent on expected disbursements from foreign governments, multilateral agencies and others abroad to reduce principal and interest arrearages on their debt. The commitment on the part of such foreign governments, agencies and others to make such disbursements may be conditioned on a government's implementation of economic reforms and/or economic performance and the timely service of such debtor's obligations. Failure to implement such reforms, achieve such levels of economic performance or repay principal or interest when due may result in the cancellation of such third parties' commitments to lend funds to the government, which may further impair such debtor's ability or willingness to timely service its debts. Consequently, governments may default on their Sovereign Debt. The ability to take legal action and to enforce court judgments against sovereign entities is limited by law in the United States and many other jurisdictions.

Forward Trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually widespread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in forward markets due to unusually high trading volume, political intervention or other factors. The imposition of controls by governmental authorities might also limit such forward (and futures) trading to less than that which ACM would otherwise recommend, to the possible detriment of the Funds. Market illiquidity or disruption could result in significant losses to the Funds.

Leverage and Financing Risk. The Funds have the power to borrow funds and may do so when deemed appropriate by ACM, including to invest opportunistically if its capital is already fully invested, enhance the Funds’ returns and meet withdrawals that would otherwise result in the premature liquidation of investments. The Funds may borrow funds from brokers, banks and other lenders to finance its trading operations. The use of such leverage can, in certain circumstances, substantially increase the losses to which a Fund’s investment portfolio may be subject. Such leverage, which may be substantial, may be achieved through, among other methods, purchases of securities on margin and the use of options, futures, forward contracts, repurchase and reverse repurchase agreements and swaps. The access to capital could be impaired by many factors, including market forces or regulatory changes. If a Fund was unable to borrow capital, it may need to liquidate assets in order to meet its liabilities.

The Funds may achieve better margin lending terms from certain of their prime brokers than are generally available to other investors. As a result, the level of margin available to the Funds for their investments will generally be limited only by the credit decisions of their prime brokers. There can be no assurance, however, that such prime brokers will either continue such arrangements with the Funds or that such prime brokers and other lenders will approve extensions of credit to the Funds at the levels requested by ACM. Any restriction on the availability of credit from such parties could adversely affect the Funds’ performance.

The use of margin and short-term borrowings creates several risks for the Funds. If the value of the Funds’ securities falls below the margin level required by a prime broker, additional margin deposits would be required. If the Funds are unable to satisfy any margin call by a prime broker, then the prime broker could liquidate the Funds’ position in some or all of the financial instruments that are in the Funds’ accounts at the prime broker and cause the Funds to incur significant losses. The failure to satisfy a margin call, or the occurrence of other material defaults under margin or other financing agreements, may trigger cross-defaults under the Funds’ agreements with other brokers, lenders, clearing firms or other counterparties, multiplying the adverse impact to the Funds. In addition, because the use of leverage allows the Funds to control positions worth significantly more than its investment in those positions, the amount that the Funds may lose in the event of adverse price movements is high in relation to the amount of its investment.

In the event of a sudden drop in the value of the Funds' assets, ACM might not be able to liquidate assets quickly enough to satisfy the Funds' margin requirements. In that event, the Funds may become subject to claims of financial intermediaries that extended "margin" loans. Such claims could exceed the value of the assets of the Funds. The banks and dealers that provide financing to the Funds can apply essentially discretionary margin, haircut, financing and collateral valuation policies. Changes by banks and dealers in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. There can be no assurance that the Funds will be able to secure or maintain adequate financing, without which the Funds may not continue to be viable.

The purchase of options, futures, forward contracts, repurchase agreements, reverse repurchase agreements and equity swaps generally involves little or no margin deposit and, therefore, provides substantial leverage. Accordingly, relatively small price movements in these financial instruments may result in immediate and substantial losses to the Funds.

ACM believes that leverage adds to the risk of a portfolio. Consistent with the Funds' investment objectives of preserving capital, leverage is utilized only in moderation and only for the purpose of affording the Funds the flexibility to invest opportunistically if their capital is already fully invested. Investments are not evaluated on a post-leverage basis; that is, returns are calculated on a cash-on-cash basis, and investments that cannot justify themselves without using leverage are not transformed into acceptable investments by taking leverage into account. Each Fund's use of leverage is discussed in more detail in its offering documents.

Hedging Transactions. ACM may (but is not required to) utilize financial instruments, both for investment purposes and for risk management purposes in order to:

- protect against possible changes in the market value of a Fund's investment portfolio resulting from fluctuations in the securities markets and changes in interest rates;
- protect a Fund's unrealized gains in the value of a Fund's investment portfolio;
- facilitate the sale of any such investments;
- enhance or preserve returns, spreads or gains on any investment in a Fund's portfolio;
- hedge the interest rate or currency exchange rate on any of a Fund's liabilities or assets;
- protect against any increase in the price of any securities ACM anticipates purchasing at a later date; or
- for any other reason that ACM deems appropriate.

The success of ACM's hedging strategy will depend, in part, upon the ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the portfolio investments being hedged. Since the characteristics of many securities change as markets change or time passes, the success of ACM's hedging strategy will also be subject to its ability to continually recalculate, readjust and execute hedges in an efficient and timely manner. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the Funds than if it had not engaged in such hedging transactions. For a variety of reasons, ACM may not seek to establish a perfect correlation between the hedging instruments utilized and the portfolio holdings being

hedged. Such an imperfect correlation may prevent a Fund from achieving the intended hedge or expose the Funds to risk of loss. ACM may not hedge against a particular risk because it does not regard the probability of the risk occurring to be sufficiently high as to justify the cost of the hedge, or because it does not foresee the occurrence of the risk. The successful utilization of hedging and risk management transactions requires skills complementary to those needed in the selection of the Funds' portfolio holdings.

Short Selling. The Funds' investment portfolios may include short positions. Short selling involves selling securities that may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from a decline in the price of a particular security to the extent that such decline exceeds the transaction costs and the costs of borrowing the securities. The extent to which the Funds engage in short sales will depend upon ACM's investment strategy and opportunities. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Funds of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. In such cases, the Funds can be "bought in" (*i.e.*, forced to repurchase securities in the open market to return to the lender). There also can be no assurance that the security necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss.

Call Options. There are risks associated with the sale and purchase of call options. The seller (writer) of a call option which is covered (*e.g.*, the writer holds the underlying security) assumes the risk of a decline in the market price of the underlying security below the purchase price of the underlying security less the premium received, and gives up the opportunity for gain on the underlying security above the exercise price of the option. The seller of an uncovered call option assumes the risk of a theoretically unlimited increase in the market price of the underlying security above the exercise price of the option. The securities necessary to satisfy the exercise of an uncovered call option may be unavailable for purchase, except at much higher prices, thereby reducing or eliminating the value of the premium. Purchasing securities to cover the exercise of an uncovered call option can cause the price of the securities to increase, thereby exacerbating the loss. The buyer of a call option assumes the risk of losing its entire premium investment in the call option. ACM does not currently intend to sell uncovered call options.

Put Options. There are risks associated with the sale and purchase of put options. The seller (writer) of a put option which is covered (*e.g.*, the writer has a short position in the underlying security) assumes the risk of an increase in the market price of the underlying security above the sales price (in establishing the short position) of the underlying security plus the premium received, and gives up the opportunity for gain on the underlying short position if the market price of the security falls below the exercise price of the option. The seller of an uncovered put option assumes the risk of a decline in the market price of the underlying security below the exercise price of the option. The buyer of a put option assumes the risk of losing its entire investment in the put option. ACM does not currently intend to sell uncovered put options.

Stock Index Options. ACM may also purchase and sell call and put options on stock indices listed on securities exchanges or traded in the over-the-counter market for the purpose of realizing its investment objectives or for the purpose of hedging its Funds' portfolios. A stock index or index option fluctuates with changes in the market values of the stocks included in the index. The effectiveness of purchasing or writing stock index options for hedging purposes will depend upon the extent to which price movements in the Funds' portfolios correlate with price movements of the stock indices selected. Because the value of an index option depends upon movements in the level of the index rather than the price of a particular stock, whether the Funds realize gains or losses from the purchase or writing of options on indices depends upon movements in the level of stock prices in the stock market generally or, in the case of certain indices, in an industry or market segment, rather than movements in the price of particular stocks. Accordingly, successful use by ACM of options on stock indices will be subject to the ability to correctly predict movements in the direction of the stock market generally or of particular industries or market segments. This requires different skills and techniques than predicting changes in the price of individual stocks.

Swap Agreements. The Funds may enter into swap agreements. Such swap agreements are generally individually negotiated and can be structured to include exposure to a variety of different types of investments, asset classes or market factors. The Funds, for instance, may enter into swap agreements with respect to interest rates, credit defaults, currencies, securities, indexes of securities and other assets or other measures of risk or return. Depending on their structure, swap agreements may increase or decrease a Fund's exposure to, for example, long-term or short-term interest rates (in the United States or abroad), non-U.S. currency values, credits spreads, corporate borrowing rates, or other factors such as security prices, baskets of equity securities or inflation rates. Swap agreements can take many different forms and are known by a variety of names.

Credit Default Swaps. The Funds may invest in credit default swap ("CDS") transactions, including, without limitation, index CDS. The "buyer" in a credit default contract is obligated to pay the "seller" a periodic stream of payments over the term of the contract provided that no event of default on an underlying obligation has occurred. If a "credit event" occurs, the seller must pay the buyer the full notional value, or "par value," of the obligation. CDS transactions are either "physical settled" or "cash settled." Physical settlement entails the actual delivery by the buyer of the reference asset to the seller in exchange for the payment of the full par value of the reference asset. Cash settled entails a net cash payment from the seller to the buyer based on the difference of the par value of the reference asset and the current market value of the reference asset. ACM may be either the buyer or the seller in a CDS transaction.

In the case of expected credit improvement, ACM may sell credit default protection in which it receives a premium to take on the risk of credit deterioration. In such an instance, the obligation of the Funds to make payments upon the occurrence of a credit event such as a default creates leveraged exposure to the credit risk of the referenced entity. ACM may also buy credit default protection with respect to a reference entity if, in the judgment of ACM, there is a likelihood of perceived credit deterioration or for risk management purposes. In such instance, the Funds will pay a premium regardless of whether there is a credit event.

Most credit default swaps are governed by a protocol that requires the parties to abide by determinations by the ISDA Determinations Committee as to the application of key contractual

terms, such as whether certain triggering events have occurred and what underlying securities are deliverable upon settlement of the swap. This ISDA Determinations Committee consists primarily of dealers who may have their own economic interest in the matter, hence are not neutral and may have serious conflicts of interest. The ISDA Determinations Committee considers itself under no obligation to justify its decisions or to be consistent. As a result, credit default swaps may not in a given instance provide the level of protection ACM believes they provide.

If ACM is a buyer of credit default protection, holds it to maturity, and no credit event occurs, ACM will have made a series of periodic payments and recover nothing of monetary value. However, if a credit event occurs, ACM (if the buyer of credit default protection) will receive the full notional value of the reference obligation either through a cash or physical settlement. As a seller of credit default protection, ACM receives a fixed rate of income throughout the term of the contract, which typically is between six months and five years (but may be longer), provided that there is no credit event. CDS transactions may involve greater risks than if ACM had invested in the reference obligation directly. The CDS markets in high-yield securities, municipal debt, and structured credit compared to the CDS markets for more seasoned and liquid investment grade securities are newer markets and may be less liquid. In addition, CDS carry, like all derivative contracts, the additional risk that even if the value of the CDS contract increases, the counterparty to the CDS trade may default on its obligation to pay the amount due.

Asset Backed Securities. Asset backed securities (“ABS”) are subject to credit, liquidity, and interest rate risks. The value of the ABS owned by the Funds generally will fluctuate with, among other things, the financial condition of the obligors or issuers of the underlying portfolio of assets of the related ABS, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry, and changes in prevailing interest rates. Holders of ABS must rely solely on distributions on the ABS collateral or proceeds thereof for payment in respect thereof. If distributions on the ABS collateral are insufficient to make payments on the ABS, no other assets will be available for payment of the deficiency and following realization of the ABS securities, the obligations of such issuer to pay such deficiency generally will be extinguished.

Repurchase and Reverse Repurchase Agreements. The Funds may enter into repurchase and reverse repurchase agreements. When a Fund enters into a repurchase agreement, it “sells” securities to a broker-dealer or financial institution and agrees to repurchase such securities on a mutually agreed date for the price paid by the broker-dealer or financial institution, plus interest at a negotiated rate. In a reverse repurchase transaction, the Funds “buy” securities issued from a broker-dealer or financial institution, subject to the obligation of the broker-dealer or financial institution to repurchase such securities at the price paid by the Funds, plus interest at a negotiated rate. The use of repurchase and reverse repurchase agreements by a Fund involves certain risks. For example, if the seller of securities to a Fund under a reverse repurchase agreement defaults on its obligation to repurchase the underlying securities, as a result of its bankruptcy or otherwise, the Funds will seek to dispose of such securities, which action could involve costs or delays. If the seller becomes insolvent and subject to liquidation or reorganization under applicable bankruptcy or other laws, the Funds’ ability to dispose of the underlying securities may be restricted. It is possible, in a bankruptcy or liquidation scenario, that a Fund may not be able to substantiate its interest in the underlying securities. Finally, if a seller defaults on its obligation to repurchase

securities under a reverse repurchase agreement, the Funds may suffer a loss to the extent that they are forced to liquidate its position in the market and proceeds from the sale of the underlying securities are less than the repurchase price agreed to by the defaulting seller. Similar elements of risk arise in the event of the bankruptcy or insolvency of the buyer.

Other Derivative Instruments. The Funds may take advantage of opportunities with respect to certain other derivative instruments that are not presently contemplated for use or that are currently not available, but that may be developed, to the extent such opportunities are both consistent with the investment objective of the Funds and legally permissible. Special risks may apply to instruments that are invested in by the Funds in the future that cannot be determined at this time or until such instruments are developed or invested in by the Funds. Certain swaps, options and other derivative instruments may be subject to various types of risks, including market risk, liquidity risk, the risk of non-performance by the counterparty, including risks relating to the financial soundness and creditworthiness of the counterparty, legal risk and operational risk.

Discontinuation of LIBOR. It is expected that the London Interbank Offered Rate (“LIBOR”), which is commonly used as a reference rate within various financial contracts (any such rate, a “Reference Rate”), will not be published after the year 2023. In anticipation of the end of LIBOR, the United States and other countries are currently replacing LIBOR with alternative Reference Rates, including the Secured Overnight Financing Rate (“SOFR”). As a general matter, the expected discontinuation of LIBOR may significantly impact financial markets; specifically, discontinuation may impact financial contracts to which ACM Clients are a party. Generally, the transition to alternative Reference Rates may (i) cause the value of a Reference Rate to be uncertain or to be lower or more volatile than it would otherwise be; (ii) result in uncertainty as to the functioning, liquidity or value of certain financial contracts; (iii) involve actions of regulators or rate administrators that adversely affect certain markets or specific financial contracts; and (iv) impact the strategy, products, processes, legal positions and information systems of market participants, including ACM Clients and their counterparties. With respect to certain financial contracts to which ACM Clients are a party, any such contract that has a maturity that extends beyond 2023 and uses LIBOR as a Reference Rate (other than contracts that include curative fallback language or other curative mechanisms) may need to be renegotiated, the process of which will consume resources of Advisory Clients and may result in disputes among counterparties, the result of which may be adverse to Advisory Clients. Considered in their entirety, the impacts of the discontinuation of LIBOR on financial markets generally and on the specific financial contracts to which ACM Clients are a party may adversely affect the performance of ACM Clients.

Indenture Trustees. Bonds, ABS and other debt securities are usually issued pursuant to indentures or other agreements that appoint an institution to serve as representative for the debt holders. Such representatives are generally referred to as indenture trustees or fiscal agents. Such agreements often provide that debt holders cannot take action to protect their interests unless they hold at least 25% of the debt issue (sometimes more) and agree to indemnify the indenture trustee or other representative for taking any action at the debt holders’ request. Such representatives often fail to protect the interests of the debt holders and sometimes obstruct the efforts of debt holders to protect their own interests.

Counterparty Risks. The Funds have established relationships to obtain financing, engage in derivative transactions and obtain prime brokerage services (and may establish new relationships in the future) all of which permit the Funds to trade in any variety of markets or asset classes over time; however, there can be no assurance that the Funds will be able to maintain such relationships or establish new relationships. An inability to maintain such relationships or establish new relationships may limit the Funds' trading activities and could be detrimental to the Funds' performance, preclude the Funds from engaging in certain transactions, financing, derivative and prime brokerage services and prevent the Funds from trading at optimal rates and terms. Moreover, a disruption in the financing, derivative intermediation and prime brokerage services provided by any such relationships before the Funds establish additional relationships could have a significant impact on the Funds' business due to the Funds' reliance on such counterparties.

Some of the markets in which the Funds may effect transactions are "over-the-counter" or "OTC" derivatives markets. The stability and liquidity of OTC derivatives transactions depends in large part on the creditworthiness of the parties to the transactions. In the OTC markets, the Funds enter into a contract directly with dealer counterparties which may expose the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms because of a solvency or liquidity problem with the counterparty. Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide). ACM is not restricted from dealing with any particular counterparty or from concentrating any or all of the Funds' transactions with one counterparty, which may mean that if such counterparty were to become insolvent or have a liquidity problem, losses would be greater than if the Funds had entered into contracts with multiple counterparties. Moreover, the Funds have no internal credit function that evaluates the creditworthiness of their counterparties. The ability of the Funds to transact business with any one or number of counterparties, the lack of any meaningful and independent evaluation of such counterparties' financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Funds.

If there is a default by a counterparty, the Funds under most normal circumstances will have contractual remedies pursuant to the agreements related to the transaction. However, exercising such contractual rights may involve delays or costs and may not make the Funds whole. Furthermore, there is a risk that any such counterparties could become insolvent and/or the subject of insolvency proceedings. In such case, the recovery of the Funds' securities from such counterparty or the payment of claims therefor may be significantly delayed and the Funds may recover substantially less than the full value of the securities.

Certain OTC derivative contracts require that the Funds post collateral. Collateral that the Funds post to their counterparties that is not segregated with a third party custodian may not have the benefit of customer-protected "segregation" of such funds. In the event that a counterparty were to become insolvent, the Funds may become subject to the risk that they may not receive the return of their collateral or that the collateral may take some time to return.

Cybersecurity Risk. As part of its business, ACM processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of investors. Similarly, service providers of ACM and the Funds, especially the Funds' administrator, may process, store and transmit such information.

ACM has procedures and systems in place that it believes are reasonably designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. Hardware or software acquired from third parties may contain defects in design or manufacture or other problems that could unexpectedly compromise information security. Network connected services provided by third parties to ACM may be susceptible to compromise, leading to a breach of ACM's network. ACM's systems or facilities may be susceptible to employee error or malfeasance, government surveillance, or other security threats. On-line services, if any, provided by the Funds' administrator or ACM to investors may also be susceptible to compromise. Breach of ACM's information systems may cause information relating to the transactions of the Funds and to investors to be lost or improperly accessed, used or disclosed.

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

The loss or improper access, use or disclosure of ACM's or the Funds' proprietary information may cause ACM or the Funds to suffer, among other things, financial loss, the disruption of its business, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing events could have a material adverse effect on the Funds and the investors' investments therein.

Central Clearing. In order to mitigate counterparty risk and systemic risk in general, various U.S. and international regulatory initiatives are underway to require certain derivatives to be cleared through a clearinghouse. In the United States, clearing requirements were part of the Dodd-Frank Act. The CFTC imposed its first clearing mandate on December 13, 2012, affecting certain interest rate and credit default swaps. It is expected that the CFTC and the SEC will introduce clearing requirements for other derivatives in the future. Trades submitted for clearing will be subject to minimum initial and variation margin requirements set by the relevant clearinghouse, the Futures Commission Merchant ("FCM"), as well as possible SEC or CFTC mandated margin requirements. The Funds are not in direct privity with the clearinghouse, but instead act through a member of the clearinghouse, an FCM, which acts as a quasi-agent, guaranteeing the obligations of the Funds to the clearinghouse. This regime is modeled in large part after the U.S. futures clearing regime. Clearing through FCMs has in certain cases led to losses caused by operational failure or fraud.

As products become more standardized in order to be cleared, standardized derivatives may mean that the Funds may not be able to hedge their risks or express an investment view as well as they would using customizable derivatives available in the over-the-counter markets. Compared to the OTC derivatives market, the Funds may be subject to more onerous and more frequent (daily or even intraday) margin calls from both the clearinghouse and the FCM. Virtually all of the margin models that are utilized by the clearinghouses are dynamic, meaning that, unlike many of the Funds' bilateral swap contracts where the amount of initial margin posted on the contract is typically static throughout of the life of the contract, the amount of the initial margin that is required to be posted in respect of a cleared contract will fluctuate, sometimes significantly,

throughout the life of the contract. The dynamic nature of the margin models utilized by the clearinghouses and the fact that the margin models might be changed at any time may subject the Funds to an unexpected increase in collateral obligations by clearinghouses during a volatile market environment which could have a detrimental effect on the Funds. Clearinghouses also limit collateral that they will accept to cash, U.S. treasuries and, in some cases, other highly rated sovereign and private debt instruments, which may require the Funds to borrow eligible securities from a dealer to meet margin calls and raise the costs of cleared trades to the Funds. In addition, clearinghouses may not allow the Funds to portfolio margin (or cross margin) their positions, which may increase the amount of overall margin that the Funds need to post. While clearinghouse margin models are dynamic and may change daily, they are also different from the margin models applied by OTC derivative dealers. The model used by the dealers to apply margin is tailored for the risk of each fund and fund manager and analyzes the credit risk of each fund and fund manager by reviewing, among other variables, strategy, performance, key portfolio managers, sophistication of technology and operations, traditional volatility, types of products, and lock-up periods. In contrast, the clearinghouse margin model is applied across all types of counterparties and there is no analysis of individual counterparty risks. This may mean that the clearinghouse margin model may be less fluid. It may mean that it is also more expensive overall for the Funds than if specific factors of the Funds were considered.

Also, each clearinghouse only covers a limited range of products, and the Funds may have to spread their derivative portfolios across multiple clearinghouses, which, in turn, reduces the benefits of netting that derivatives users may rely on to mitigate counterparty risk.

Although standardized clearing for derivatives is intended to reduce risk (for instance, it may reduce the counterparty risk to the dealers to which the Funds would be exposed under OTC derivatives), it does not eliminate risk. Rather, standardized clearing transfers risk of default from the OTC derivatives dealer to the central clearinghouse, which may increase systemic risk. The failure of a clearinghouse could have a significant impact on the financial system. Even if a clearinghouse does not fail, large losses could force significant capital calls on member firms during a financial crisis, which could lead member firms to default, worsening the crisis. Because these clearinghouses are still developing and the related bankruptcy process is untested, it is difficult to speculate what the actual risks would be to the Funds related to the default of a clearinghouse. While the U.S. futures clearing regime worked well during the Lehman crisis in 2008, there has been no testing whether the model is scalable so that it would apply to derivatives more generally. In addition, there is no one international standard for clearinghouses; existing clearinghouses have different creditor payment waterfalls that apply upon the insolvency of a clearinghouse or a clearinghouse member and it is possible that the Funds could be in a worse position if a clearinghouse were to fail than had the Funds executed a trade with a traditional derivative counterparty. Also, a clearinghouse will likely require that the Funds relinquish control of their transactions if the clearinghouse were to become insolvent, and, therefore, the Funds would not be able to terminate and close out of a defaulting clearinghouse's positions, but would become subject to regulators' control over those positions. In such a circumstance, the Funds may not be able to take actions that they deem appropriate to lessen the impact of such clearinghouse default. Clearinghouses tend to trade in particular products in order to achieve economies of scale. This heightens the concentration risk for the Funds, which might not be easily hedged. In that case, the Funds may only be able to protect themselves from clearinghouse risk by exiting the market entirely, potentially foregoing an entire segment of beneficial transactions.

Applicable regulations may also require the Funds to make public information regarding their swaps volume, position size and/or trades, which could detrimentally impact the Funds' ability to achieve their investment objectives.

Systemic Risk. Credit risk may also arise through a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs, so that a default by one institution causes a series of defaults by the other institutions. This is sometimes referred to as a "systemic risk" and may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges, with which ACM interacts on a daily basis. A systemic failure could have material adverse consequences on the Funds and on the markets for the financial instruments in which the Funds seek to invest.

Global Interruption (Terrorist Action / Pandemic). There is a risk of global interruption, including terrorist attacks or pandemics affecting the United States and elsewhere, causing significant loss of life, property damage and disruptions in global markets. The impact of such events is unclear but could have a material effect on general economic conditions and market liquidity.

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

Remote Work. In response to the spread of COVID-19, many businesses, including ACM, had encouraged or mandated that their personnel work from home in an effort to help slow the spread of the coronavirus pandemic. ACM continues to permit remote work, and a portion of its staff work remotely on a fulltime basis. To the extent personnel, as a result of working remotely, rely more heavily on external sources for information and technology systems for their business-related communications and information sharing, that business will likely be more vulnerable to cybersecurity incidents and cyberattacks and could have more difficulty resuming normal operations in the event it is the target of such incident or attack. See "Cybersecurity Risk," above.

Liquidity. Many of the Funds' investments are liquid, but liquidity can vary considerably from investment to investment. Factors affecting liquidity include:

- Debt securities, particularly those of impaired credits, tend to be less liquid than publicly traded equity securities.
- Debt securities tend to be harder to borrow than equity securities.
- Bank debt tends to be less liquid than debt securities (bonds), both in terms of trading activity and settlement process. It commonly takes a month or two (or longer) to settle trades of bank debt.
- Smaller issues tend to be less liquid than comparable larger issues in the same capital structure.
- The larger an investment is in a given issue or class, the harder it will normally be to exit the position.
- As a practical matter, it may be harder for a Fund to exit a position in which ACM is playing an activist role. If a Fund significantly reduced its investment in such a situation, the market may (correctly or incorrectly) construe that development as an indication that ACM is ending its activism in that situation or that ACM has changed its view of the fundamentals of the investment.
- On occasion, ACM's participation in a situation will cause the Funds for some period of time to be restricted by applicable securities or bankruptcy laws from trading in certain instruments. This can occur, for example, if ACM or an employee receives material inside information or becomes a member of an official creditors' committee. Even in such instances, the restriction in question may not affect the instruments in which a Fund chooses to invest (*e.g.*, bank debt), or it may be possible to trade with the benefit of an "ethical wall". ACM will be selective about subjecting the Funds to such restrictions.
- With regard to equity securities issued pursuant to a bankruptcy, often there is some temporary impairment of liquidity until the securities can be listed on a recognized market and/or brokerage firms resume or commence research coverage.

Under certain market conditions, such as during volatile markets or when trading in a security or market is otherwise impaired, the liquidity of a Fund's portfolio positions may be reduced. In addition, ACM may from time to time hold large positions with respect to a specific type of instrument, which may reduce the Funds' liquidity. During such times, ACM may be unable to dispose of certain assets, which would adversely affect ACM's ability to rebalance its Funds' portfolios or to meet withdrawal requests. In addition, such circumstances may force ACM to dispose of assets at reduced prices, thereby adversely affecting a Fund's performance. If there are other market participants seeking to dispose of similar assets at the same time, ACM may be unable to sell such assets or prevent losses relating to such assets. Furthermore, if a Fund incurs substantial trading losses and/or redemption requests, the need for liquidity could rise sharply while its access to liquidity could be impaired. In addition, in conjunction with a market downturn, the Funds' counterparties could incur losses of their own, thereby weakening their financial condition and increasing the Funds' credit risk to them. Many non-U.S. financial markets are not as developed or as efficient as those in the U.S. and, as a result, liquidity may be reduced for ACM's investments.

ACM may also invest in securities that are subject to legal or other restrictions on transfer. ACM may be contractually prohibited from disposing of such investments for a specified period of time. The sale of restricted and illiquid securities often requires more time and results in higher brokerage charges or dealer discounts and other selling expenses than does the sale of securities

eligible for trading on national securities exchanges or in the OTC markets. Restricted securities may sell at a price lower than similar securities that are not subject to restrictions on resale. The market prices, if any, for such investments tend to be volatile and may not be readily ascertainable, and ACM may not be able to sell them when it desires to do so or to realize what it perceives to be the fair value in the event of a sale.

Item 9

Disciplinary Information

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

Item 10

Other Financial Industry Activities and Affiliations

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

ACM and its management persons are not registered as, and do not have any application to register as, a futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

ACM, its personnel and its affiliates, serve as investment advisers, management companies and/or general partners to multiple clients.

ACM will devote as much of its time to the activities of each of the Funds as it deems necessary and appropriate. ACM is not restricted from forming additional investment funds, from entering into other investment advisory relationships or from engaging in other business activities, even though such activities may be in competition with existing Funds and may involve substantial time and resources of ACM. In the event ACM or any of its affiliates decides to engage in such activities in the future, ACM or its respective affiliates, as applicable, will undertake to engage in such activities in a manner that is consistent with its fiduciary duties, if any, to the Funds. Nevertheless, these activities could be viewed as creating a conflict of interest in that the time and effort of the members and partners of ACM and its officers and employees will not be devoted exclusively to the business of the existing Funds but will be allocated between the business of the existing Funds and the management of the monies of other advisees of ACM.

ACM UK was established in London, United Kingdom on August 6, 2014, and was authorized by the FCA on February 3, 2015. On December 16, 2021, ACM UK applied to cancel its authorization with the FCA. ACM UK is an indirect subsidiary of ACM, a relying adviser of ACM and no longer provides sub-advisory services to ACM and the Funds.

Item 11

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

Code of Ethics

ACM has adopted a Code of Ethics (the “Code”) pursuant to Rule 204A-1 under the Investment Advisers Act of 1940 (the “Advisers Act”) and is predicated on the principle that ACM owes a fiduciary duty to its Funds. The Code requires that all ACM employees avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interests of the Funds. Employees must use reasonable care and exercise independent judgment when conducting investment analysis, making investment recommendations, making investment transactions, promoting ACM’s services, and engaging in other professional activities. ACM expects all Employees to adhere to the highest standards with respect to any potential conflicts of interest with either the Funds or Investors. As a fiduciary, ACM must act in the Funds’ best interests.

The Code also places restrictions on personal trades by employees, including that employees disclose their personal securities holdings and transactions to ACM on a periodic basis. Further, to mitigate potential conflicts of interest, ACM restricts what employees may transact in for their personal accounts. With the exception of certain federally issued fixed income securities, open-end mutual funds, certain ETFs, foreign currency, and other approved transactions listed in ACM’s Code, personal transactions in reportable individual Securities are prohibited. Employees may continue to hold existing securities held in personal trading accounts. However, the sale of existing securities requires written pre-clearance from ACM. Accounts managed by ACM with full discretion for the benefit of ACM employees or related persons, as with other client accounts, are not subject to the personal trading restrictions described in this paragraph. These accounts are client accounts of ACM and subject to firm trading policies and procedures as described further in Item 12 below.

Additionally, with pre-clearance, employees may invest in private investment partnerships and hold accounts over which the employee has no influence or control, such as an account managed by an independent investment adviser on a discretionary basis. ACM’s Code is available for review and will be provided to any investor in the Funds upon request.

Securities in which ACM or an Affiliate has a Material Financial Interest

Although ACM does not generally engage in Cross Trades, ACM may determine that it would be in the best interests of certain Funds to transfer a security from one Fund to another (each such transfer, a “Cross Trade”) for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Funds, or to reduce transaction costs that may arise in an open market transaction. If ACM decides to engage in a Cross Trade, ACM will determine that the trade is in the best interests of each Fund involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Funds.

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a Fund by ACM or its personnel, ACM will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be considered on behalf of

investors in such a Fund and approved or disapproved by a committee consisting of one or more persons selected by ACM (or its affiliate), and any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations.

Investing in Securities that ACM or an Affiliate recommends to the Funds

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions to ACM on a periodic basis, and requires that employees pre-clear certain types of personal securities transactions. Generally, and subject to certain exceptions, ACM's employees may not engage in personal securities trading in individual securities and derivatives thereon; and may only dispose of securities held in their respective personal trading accounts. Any such disposition of securities must be pre-cleared. Employees may purchase and sell mutual funds and ETFs. Some Funds may invest in the same or similar mutual funds and ETFs. Also, with pre-clearance, employees may invest in private investment partnerships and hold accounts over which the employee has no influence or control.

Accounts managed by ACM with full discretion for the benefit of ACM employees or related persons, as with other client accounts, are not subject to the personal trading restrictions. These accounts are considered client accounts and are therefore subject to the same aggregation and pro-rata allocation as all other clients as described below in Item 12 Brokerage Practices. Employee and related person accounts managed by ACM do not receive preferential treatment in the trade allocation process.

ACM, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for the Funds. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Funds. Potential conflicts also may arise due to the fact that ACM and its personnel may have investments in some Funds, but not in others or may have different levels of investments in the various Funds.

ACM has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and regular monitoring of employee transactions and trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as Fund trades.

Conflicts of Interest Created by Contemporaneous Trading

ACM manages investments on behalf of a number of Funds. Certain Funds have investment programs that are similar or overlap and may, therefore, participate with one another in investments. It is the policy of ACM to allocate investment opportunities among all Funds fairly, to the extent practical, and in accordance with each Fund's applicable investment strategies, over a period of time. ACM will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any Fund solely because ACM purchases or sells the same security for, enters into a transaction on behalf of, or provides an

opportunity to any Fund if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for the Fund.

When it is determined that it would be appropriate for the Funds and one or more other investment accounts managed by ACM or its affiliates to participate in an investment opportunity, ACM will seek to execute orders for all of the participating investment accounts, on a fair and equitable basis, taking into account such factors as the relative amounts of capital available for new investments, relative exposure to short-term market trends, and the investment programs and portfolio positions of the Funds and the affiliated entities for which participation is appropriate. Orders may be combined for all such accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an order on behalf of more than one account cannot be fully executed under prevailing market conditions, securities may be allocated among the different accounts on a basis that ACM considers equitable.

ACM may desire to perform due diligence on a prospective investment opportunity where access to the underlying documentation relating to a potential issuer is only available to investors of record (and is not made available to prospective investors generally). In such an event, ACM may determine to make an investment in the underlying issuer (an “info investment”) in order to become an investor of record and gain access to such documentation that ACM may deem relevant for purposes of conducting enhanced due diligence on behalf of the Funds and one or more other investment accounts managed by ACM or its affiliates. In certain circumstances, an info investment may only be made by one such Fund or account despite the fact that an investment opportunity may be suitable for one or more Funds and accounts or ultimately consummated by one or more such other Funds and accounts. The costs and expense of an info investment will generally be allocated amongst such Funds and accounts in a manner that ACM determines to be equitable, it being understood that in certain circumstances, such costs and expenses may only be borne by a single Fund or account despite such opportunity having been diligenced on behalf of multiple Funds or accounts.

Item 12

Brokerage Practices

ACM has full discretionary authority to manage the Funds, including the authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction and commissions paid.

Portfolio transactions for the Funds will be allocated to brokers on the basis of best execution and in consideration of a broker’s ability to effect the transactions, its order routing systems, reliability and financial responsibility and the provision or payment by the broker of the costs of research and research-related services which are of benefit to the Funds. Accordingly, the commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to the Funds by brokers in the foregoing circumstances may be higher than those charged by other brokers who may not offer such services. The use of commissions or “soft” dollars (or dealer markups and markdowns arising in connection with riskless principal transactions) for

research and research-related services will come within the safe harbor for the use of soft dollars provided under Section 28(e) of the U.S. Securities Exchange Act of 1934, as amended.

Subject to the considerations described above, the selection of a broker (including a prime broker) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services may be influenced by, among other things, the provision by the broker of the following: capital introduction, marketing assistance, consulting with respect to technology, operations, equipment and office space, talent introduction services, commitment of capital, access to company management, access to deal flow, access to research and investment idea generation. Neither ACM nor the Funds separately compensate any broker for any of these other services.

Goldman, Sachs & Co. (“Goldman Sachs”) currently serves as the prime broker for the Funds. Goldman Sachs clears (generally on the basis of payment against delivery) the Funds’ securities transactions that are effected through other brokerage firms. The Funds are not committed to continue their relationship with Goldman Sachs for any minimum period and ACM may select other brokers to act as prime broker(s) for the accounts.

When possible, orders for the same security are generally combined to facilitate best execution concerns. ACM effects such combined transactions with the intent that no participating Fund is favored over any other Fund. Specifically, each Fund that participates in a combined transaction will participate in its pro rata portion of the transaction. Securities purchased or sold in a combined transaction are allocated pro rata, when possible, to the participating Fund accounts generally in proportion to the size of the order placed for each account. In some instances, where appropriate, the Funds included in a combined transaction may receive the average share price for all of ACM’s transactions in that security on that business day, with respect to that combined order. The Company may, however, increase or decrease the amount of securities allocated to each account if necessary to avoid holding odd-lot or small numbers of shares for particular Funds or for other reasons. Additionally, if the Company is unable to fully execute a combined order and ACM determines that it would be impractical to allocate a small number of securities among the accounts participating in the transaction on a pro rata basis, the Company may allocate such securities in a manner determined in good faith to be a fair allocation.

In the event that a Fund incurs a trade error, such trade errors are (i) promptly reported to ACM’s Chief Compliance Officer and (ii) corrected by ACM as soon as practicable, in a manner that seeks to minimize any losses. Any profit that results from a trade error is left in the account of the applicable Fund. Broker-dealers that cause trade errors as a result of their own mistakes should be responsible for any losses that result from such errors.

Pursuant to various exculpation and indemnification provisions, ACM generally will not be liable to the Funds for any act or omission, absent bad faith, gross negligence, willful misconduct or fraud. Accordingly, trade errors generally will be borne by the Funds, unless the trade error is a result of the bad faith, gross negligence, willful misconduct or fraud of ACM.

Item 13

Review of Accounts

ACM reviews and analyzes its existing positions and other opportunities on an ongoing basis, in connection with its investment decision-making process. ACM also performs various daily, weekly, monthly, quarterly and periodic reviews of the Funds' portfolios, including for valuation and other purposes.

Investors in the Funds typically receive monthly account statements, quarterly management reports and a copy of the audited financial statements of the relevant Fund within 120 days after the fiscal year-end of a Fund. In addition, monthly reports setting forth performance and portfolio data including an analysis of portfolio exposure may be provided to investors. ACM may from time to time provide additional information relating to the Funds to one or more investors in connection to requests from investors or as it otherwise deems appropriate.

Item 14

Client Referrals and Other Compensation

ACM does not compensate any person for client referrals and does not receive economic benefits from non-clients for providing investment advice and other advisory services.

Item 15

Custody

Rule 206(4)-2 promulgated under the Advisers Act (the "Custody Rule") (and certain related rules and regulations under the Advisers Act) imposes certain obligations on registered investment advisers that have custody or possession of any funds or securities in which any client has any beneficial interest. An investment adviser is deemed to have custody or possession of client funds or securities if the adviser directly or indirectly holds client funds or securities or has the authority to obtain possession of them (regardless of whether the exercise of that authority or ability would be lawful).

ACM is required to maintain the funds and securities (except for securities that meet the privately offered securities exemption in the Custody Rule) over which it has custody with a "qualified custodian." Qualified custodians include banks, brokers, futures commission merchants and certain foreign financial institutions.

Rule 206(4)-2 imposes on advisers with custody of clients' funds or securities certain requirements concerning reports to such clients (including underlying investors) and surprise examinations relating to such clients' funds or securities. However, an adviser need not comply with such requirements with respect to pooled investment vehicles if each pooled investment vehicle: (i) is audited at least annually by an independent public accountant and (ii) distributes its audited financial statements prepared in accordance with generally accepted accounting principles to their

investors, all limited partners, members or other beneficial owners within 120 days of its fiscal year-end. ACM relies upon this audit exception with respect to the Funds.

Item 16

Investment Discretion

ACM and its affiliates have been appointed as the investment manager, management company, manager or general partner of the Funds with discretionary trading and investment authorization. ACM and its affiliates have full discretionary authority with respect to investment decisions, and its advice with respect to the Funds is made in accordance with the investment objectives and guidelines as set forth in each Fund's respective offering memorandum. ACM and its affiliates assume discretionary authority to manage the Funds through the execution of investment management agreements or through the organizational documents of the Funds (*e.g.*, limited partnership agreements).

Item 17

Voting Client Securities

ACM intends to vote proxies in a manner that best serves the interests of the Funds, as determined by the Chairman or a delegate in his/her discretion on a case-by-case basis. Upon receipt of a proxy request, ACM's operations team facilitates the routing to the Chairman or his delegate, actual voting of the proxies in a timely manner and in accordance with the Chairman's or his delegate's instructions and maintaining records of all proxy votes.

ACM's proxy voting policy is designed to ensure that if a material conflict of interest is identified in connection with a particular proxy vote, that the vote is not improperly influenced by the conflict. Conflicts may arise from time to time in relation to proxy voting requirements. ACM monitors all proxies for any potential conflicts of interest. If a material conflict of interest arises, ACM's Chief Compliance Officer will work with outside counsel to determine the appropriate handling and voting decision for the proxy proposal.

A record of all proxy votes cast on behalf of the Funds is maintained and available for review. Investors should contact ACM's General Counsel, at the phone number on the cover of this Brochure for a copy of the proxy voting policy or information with respect to a specific proxy vote.

Item 18

Financial Information

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