

objective.

Direct Investments in Public Companies

The Capital Structure Fund may invest directly in the equity securities of public companies, which securities may be illiquid and/or restricted (such as PIPEs), as well as in convertible securities and warrants which may be restricted and/or illiquid even if the underlying equity is freely tradeable. There is often no trading market for these investments, and the Capital Structure Fund may only be able to liquidate these positions, if at all, at disadvantageous prices. The Capital Structure Fund may be required to hold such investments despite adverse price movements and may be restricted from hedging its exposure to them and, even if the Capital Structure Fund is not restricted from hedging, the Capital Structure Fund may choose not to hedge such exposure or such hedge may not be effective. If the Capital Structure Fund makes a short sale of an illiquid holding, the Capital Structure Fund may have difficulty in covering the short sale, resulting in a potentially unlimited loss to the Capital Structure Fund.

Unlike the purchase of freely tradeable common stock in the open market, the Capital Structure Fund's unregistered (or restricted) securities of public companies (including instruments that are convertible, exchangeable or exercisable into registered, freely tradeable securities of public companies) generally involve contractual obligations by the issuer of such securities requiring the issuer to take certain actions, including but not limited to registering the securities, transferring securities upon resale or, in the case of convertible securities, issuing the underlying securities upon exercise of convertible securities and registering the underlying securities with the appropriate federal and state authorities for resale. In order for the Capital Structure Fund's investment strategy to be effective, the issuer of such securities must abide by its contractual obligations; otherwise, the Capital Structure Fund may lose all or a portion of its investment.

In connection with its sales of securities purchased pursuant to Regulation D or otherwise exempt from registration, the Capital Structure Fund could be deemed to be a "statutory underwriters" based on the method and timing of such sales. If the Capital Structure Fund were deemed to be a "statutory underwriter," it could have an adverse effect on the transaction(s) in respect of which such determination is made and, possibly, on the Capital Structure Fund's ability to continue to effectively pursue this investment strategy.

The Capital Structure Fund relies on certain exemptions from the SEC's registration requirements to sell its restricted securities, including Rule 144 of the Securities Act. Under Rule 144, before selling any restricted securities, the Capital Strategy Fund may be obligated to hold them for at least six months provided that the issuer is subject to, and has complied with, the reporting requirements of the Securities Act. If the issuer is not subject to the reporting requirements of the Securities Act, then the Capital Strategy Fund may be required to hold the restricted securities for at least one year before they can be sold in the market. There may be circumstances where restricted securities will never become freely tradeable (*i.e.*, if the issuer was a "shell" company and is not complying with the reporting requirements). The law regarding the resale of restricted securities can change, and in the past has changed. There can be no assurance that future changes will