

Form ADV, Part 2A: Brochure



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**RIMROCK**

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CAPITAL MANAGEMENT, LLC

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**March 2023**

This Form ADV, Part 2A (“Brochure”) provides information about the qualifications and business practices of Rimrock Capital Management, LLC (“we,” “us,” “our,” “Rimrock,” or the “Firm”). If you have any questions about the contents of this brochure, please contact us at 949-381-7800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Rimrock Capital Management, LLC is a registered investment adviser. Registration with the United States Securities and Exchange Commission (“SEC”) or any state securities authority does not imply a certain level of skill or training.

Additional information about Rimrock Capital Management, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). The searchable IARD/CRD number for Rimrock Capital Management, LLC is 120410.

## **Item 2 – Material Changes**

This section is intended to discuss only material changes made to the Brochure since the last update in March 2022 and provides a summary of changes made since that update. This Brochure, dated March 2023, has been amended to reflect the following changes:

- Rimrock expects to launch Rimrock Real Estate Fund I, L.P., a closed-end private fund investing in select commercial real estate properties, in March 2023. The Fund seeks to identify and purchase undervalued properties, using the lens of Rimrock’s commercial mortgage-backed securities (CMBS) experience. The Fund will focus on retail and office properties, particularly in suburban and other geographically desirable areas with positive demographic trends and limited supply in the U.S.
- Rimrock Core Bond Fund and Rimrock Emerging Markets Corporate Credit Fund were liquidated as a result of, among other factors, challenges faced by those funds in conducting their business and operations in an economically viable manner under current market conditions.

This Brochure is prepared according to the July 28, 2010, SEC publication entitled “Amendments to Form ADV”. We urge clients and prospective clients to read this entire Brochure.

A complimentary copy of our Brochure may be requested by contacting Rimrock by telephone at 949-381-7800 or by sending us a written request at 100 Innovation Dr., Suite 200, Irvine, California 92617-3040.

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#### **Item 4 – Advisory Business**

Rimrock is an investment adviser registered with the SEC. The Firm was organized in 2001 as a limited liability company under the laws of the State of California and is based in Irvine, California. The Firm is owned by roughly half of its employees, with David H. Edington, Christopher Chester, Stephen Foulke, and Paul C. Westhead as the principal employee owners (“the Principals”).

Rimrock offers a long-term equity incentive compensation plan, whereby certain key employees, other than the principal employee owners named above, can participate in the long-term growth in value of the Firm. This program offers certain eligible employees the right to benefit from the Firm’s growth and success, achieved by delivering investment products and results consistent with the objectives of clients. Rimrock management believes such a program to be in the best interests of clients, consultants, and employees as the plan aligns the interests of all parties by encouraging long-term thinking, stability of personnel, and maintains focus on meeting client objectives.

Rimrock provides discretionary investment management services to private funds established by Rimrock (the “Private Funds” or the “Funds”) and private funds or separately managed accounts established by third parties (“Managed Accounts”). Rimrock has sole discretion to manage its Funds’ investment portfolios. Generally, Rimrock does not accept instructions from clients with respect to investments by or for their accounts. Rimrock Managed Accounts can impose restrictions in the form of investment guidelines, return benchmarks, and restricted transactions. Rimrock Managed Account holders can also negotiate other terms with Rimrock. Rimrock Managed Account restrictions and Fund investment guidelines are formalized in executed advisory agreements with Rimrock.

The Funds and Managed Accounts will invest predominantly in commercial real estate or mixed strategy fixed income securities including (but not limited to), mortgage-backed, asset-backed, corporate, term loans, treasuries and derivatives. Rimrock does not provide general investment advice outside of agreed client investment mandates. Please refer to the applicable Fund’s prospectus or offering documents for detailed disclosure on the types of investments which may be purchased by that Fund. Rimrock reserves the right to purchase any other type of investment deemed appropriate based on the Fund’s stated goals and objectives.

#### **Rimrock Funds**

The Private Funds are private pooled investment vehicles formed by Rimrock to provide a means by which qualified and sophisticated investors may pursue alternative investment strategies. The Private Funds are not required to register under the Securities Act of 1933 or the Investment Company Act of 1940 in reliance upon certain exemptions available to issuers whose securities are not publicly offered. For most such strategies, Rimrock typically creates a master-feeder structure consisting of a master fund in the form of a Cayman Islands exempted company, and one or more feeder funds consisting of Cayman Islands exempted companies or trusts and California limited partnerships.

Our Firm has organized and serves as the General Partner and/or investment adviser to the Funds listed below:

- Rimrock High Income PLUS (Master) Fund, Ltd.
- Rimrock High Income PLUS Fund, L.P.
- Rimrock High Income PLUS (QP) Fund, L.P.
- Rimrock High Income PLUS (Cayman) Fund, Ltd.
- Rimrock High Income PLUS (JPY) Trust
- Rimrock Low Volatility (Master) Fund, Ltd.
- Rimrock Low Volatility Fund, L.P.
- Rimrock Low Volatility (Cayman) Fund, Ltd.
- Rimrock Low Volatility (QP) Fund, L.P.
- Rimrock Low Volatility (QP) (Cayman) Fund, Ltd.
- Rimrock Low Volatility (QP) (JPY) Trust
- Rimrock Structured Product (Master) Fund, Ltd.
- Rimrock Structured Product Fund, L.P.
- Rimrock Structured Product (Cayman) Fund, Ltd.
- Rimrock Structured Product (JPY) Trust
- Rimrock Strategic Income Fund, Ltd.
- Rimrock Total Return Strategies Fund, Ltd.
- Rimrock Real Estate Fund I, L.P.

#### Rimrock Managed Accounts

Managed Accounts are private domestic or foreign accounts or entities, each of which is typically managed by Rimrock for the benefit of one institutional investor or group of investors. Rimrock offers Managed Accounts (sometimes also referred to by Rimrock as “Customized Solutions”) in fixed income strategies broadly similar to those of the Funds, but with certain investment guidelines and other restrictions that may significantly differentiate them from the Funds. Rimrock currently offers Managed Accounts using a Low Duration Mortgage Strategy and Intermediate Duration Mortgage Strategy.

In addition to the Funds and Managed Accounts described above, Rimrock’s Principals have created Rimrock Capital Management Holdings, LLC (“RCM Holdings”). The purpose of RCM Holdings is to collectively invest the Principals’ capital in various investment opportunities, including Rimrock Funds and other investments. RCM Holdings is not a parent company or a subsidiary of Rimrock; it is affiliated with Rimrock only through its ownership by Rimrock’s Principals.

Our Firm may sponsor or manage additional private investment funds and SEC-registered investment funds in the future. For the Private Funds, we restrict the number of investors and offer interests in those Funds only through non-public transactions in order to maintain the Funds’ exclusion from “investment company” status under the Investment Company Act of 1940, as amended.

As of January 31, 2023, Rimrock Capital Management, LLC had Regulatory Assets Under Management of \$3,648,968,737. in client assets on a discretionary basis, and Net Assets Under Management of \$2,510,789,842. Regulatory Assets Under Management includes all gross assets without any deduction for debt or leverage; net assets under management are calculated by subtracting outstanding liabilities from client assets.

## **Item 5 – Fees and Compensation**

Rimrock generally is compensated for its advisory services based on a percentage of assets under management (“management fee” or “advisory fee”). Additionally, Rimrock Funds and Managed Accounts generally pay performance-based fees (“performance fees” or “incentive fees”).

Investors and prospective investors in a specific Fund should refer to the prospectus or private placement memorandum for that Fund for detailed information on the management and performance fees associated with investing in the Fund. The incentive fees for certain Private Funds are subject to a hurdle rate and payable only at times of redemption. Managed Account management and/or incentive fees are described in individually executed investment management agreements.

At the end of each calendar year, for most Funds, Rimrock will receive an annual incentive fee up to 20% of the net profit allocated to each Fund investor’s capital account (including net realized and unrealized gains and losses of net income). These Funds will maintain a loss recovery account for each investor (“Loss Recovery Account”). Each Loss Recovery Account will be debited with any net capital depreciation (taking into account an investor’s share of the management fee, where applicable) allocated to the capital account. Rimrock will not receive any incentive fee regarding a capital account until the investor has recovered all amounts debited to its Loss Recovery Account (as adjusted for withdrawals or additions of capital). Performance fees will meet all requirements for such fees as specified under Rule 205-3 of the Investment Advisers Act.

Similarly, Rimrock will maintain a contingent loss account for Managed Account clients with a performance fee (a “Contingent Loss Account”). The Contingent Loss Account will be debited with any net loss incurred in such Managed Account. Rimrock will not receive any performance fees with respect to a client’s account until the client has recovered all amounts debited to the client’s Contingent Loss Account (as adjusted for any withdrawals or additions of capital). This Contingent Loss Account effectively imposes a “high water mark” on the client’s account so that Rimrock is not paid a performance fee for recovering past losses experienced by the client.

### **Rimrock Funds**

With regard to the Private Funds, Rimrock generally receives an annual management fee of up to 1.25% of the net asset value of committed capital for fixed income investment strategies and up to 1.5% of the net asset value of committed capital for commercial real estate investment strategies. Rimrock Total Return Strategies Fund, Ltd. is an exception, since it has no management fee, just a performance fee. Certain Private Funds have two or more classes of units or shares. As described in more detail in the private placement memoranda for those Funds, investors in those multi-class Funds can choose a class with lower management fees and performance fees in return for more restrictive redemption provisions. The management fee is paid monthly in advance. At Rimrock’s discretion, Rimrock may waive all or a portion of the management fee or may agree to other changes to the management fee on an individual investor basis. Rimrock currently does not charge management fees to Rimrock employees who are investors in Rimrock Funds.

### **Rimrock Managed Accounts**

Generally, advisory fees for Rimrock Managed Accounts are based upon a percentage of assets under management and vary depending upon the nature of the portfolio to be managed. Managed Account

advisory fees range from 0.25% to 1.25% of client assets under management. Most Managed Accounts also pay an incentive fee.

With regard to Rimrock Managed Accounts, Rimrock calculates management fees on a monthly basis and invoices the Managed Account clients on a quarterly basis, mainly in arrears. The Managed Account client must instruct and approve the payment from the custodial bank to pay Rimrock directly. Rimrock does not deduct fees directly from Rimrock Managed Accounts.

## General Information

### *Fee Comparison*

The Private Funds' expenses, including our Firm's performance fees and management fees, constitute a higher percentage of average net assets than would be found in mutual funds and certain other investment vehicles providing similar services. In addition, since performance fees, determined on an annual basis, are generally calculated on a basis which includes unrealized appreciation of a Private Fund's assets, it is greater than if such allocations were based solely on realized gains.

### *Different Fee Schedules*

Rimrock's management fee and the performance fee in a Private Fund may be discounted or waived with respect to any investor for any particular period of time at the sole discretion of the Firm (or the General Partner, as applicable). This discounted rate or waiver is not available to all or even most investors in the Private Funds.

### *Other Fees and Expenses*

In addition to fees paid to our Firm (or the Fund's General Partner, as appropriate), investors will also be responsible for the fees and expenses charged by custodians, spreads and expenses charged by brokerage-dealers or other counterparties with whom Rimrock effects transactions, and other transaction-related expenses. Please refer to Item 12 of this brochure for additional information regarding brokerage.

Except for the investors in Rimrock Strategic Income Fund, Ltd, Rimrock Total Return Strategies Fund, Ltd., and Rimrock Real Estate Fund I, L.P., investors in Private Funds invest through a feeder fund into a related master fund (a "Master Fund"). A feeder fund is responsible for all its direct, and its *pro rata* share of its Master Fund's, operating and other expenses, described further below. All Private Funds, other than Rimrock Real Estate Fund I, L.P., will bear all out of pocket costs, fees, expenses and liabilities that are incurred by, or arise out of the operation, activities and investments of, or are otherwise related to, the Fund and its proportionate investment in its Master Fund, if any, including those incurred by Rimrock on behalf of, or are allocable to, the Fund, including, without limitation, (i) costs, fees, expenses and liabilities constituting or relating to brokerage commissions and other transaction-related expenses including those relating to the sourcing, developing, evaluating, negotiating, structuring, acquiring, holding, administering, monitoring, financing, refinancing, managing, restructuring, disposing and hedging of investments and proposed but unconsummated investments, including outside counsel fees, court costs, costs of due diligence (including travel and related expenses associated therewith), interest on borrowings, escrow fees and closing costs, and broken deal expenses, custodial and sub-custodial fees; (ii) costs, fees, expenses and liabilities related to fund subsidiaries (including subsidiary REITs) and alternative investment vehicles, if any, through or in which investments may be made; (iii) costs, fees, expenses and liabilities relating to the incurrence and repayment of indebtedness, together with interest and other amounts payable thereon and

fees and expenses related thereto, of the Fund or Master Fund; (iv) premiums and fees for insurance to benefit, directly or indirectly, such entities, the holders of interests therein, Rimrock or any of their respective affiliates or their respective shareholders, partners, members, officers, directors, trustees, employees, consultants and agents, with respect to liabilities to any person in connection with the affairs of such entities and for directors' and officers' liability insurance or other similar insurance policies, including errors and omissions insurance and financial institution bond insurance; (v) costs, fees and expenses of organizational maintenance and governance, including but not limited to Fund and Master Fund investor and director meetings, and fees and expenses paid to directors, and for winding up, liquidation, and dissolution; (vi) legal, bookkeeping, administration, registrar, transfer agency, accounting, auditing, appraisal, valuation and tax preparation fees, and other related fees and expenses, including those associated with the preparation of financial statements, tax returns, and tax forms, and the representation of the Fund or Master Fund in tax-related matters; (vii) taxes, if any, applicable to the Fund or Master Fund in any jurisdiction; (viii) damages and other costs, fees (including attorneys' fees), expenses, and liabilities arising out of litigation, arbitration, bankruptcy, insolvency, or regulatory proceedings involving Fund or Master Fund investments or matters that are the subject of indemnification rights; (ix) all other operational and overhead expenses of the Fund and the Master Fund, including, but not limited to, a proportional share of fees payable to third parties to provide software, data, data processing, and trade processing, legal, compliance, and tax support and other outsourced services, including but not limited to, fees paid for the use of CUSIP identifiers and ratings information); (x) costs of Fund and Master Fund recordkeeping, registration, licensing, filing fees, and reporting to regulatory authorities in any jurisdiction in which the Fund or Master Fund invests, is organized, is marketed or otherwise directly or indirectly conducts business and the provision of information necessary to complete and file required regulatory reports, such as Form PF, Form CPO and Form PQR; (xi) photocopying, postage and telephone expenses, and (xii) extraordinary expenses under generally accepted accounting principles. Rimrock may, in its sole discretion, pay or reimburse the Fund for any or all such expenses. The cost of any audit of an investor's tax return will be borne by that investor.

Rimrock Real Estate Fund I, L.P. expenses will be similar. The Fund will bear all out-of-pocket operating and other expenses incurred by Rimrock and its affiliates in connection with the Fund's business. These expenses include, without limitation: (a) all expenses incurred in connection with identifying, evaluating, structuring and negotiating any potential investment (regardless of whether actually acquired) and the acquisition, financing, refinancing, holding, sale, proposed sale, auction, or other disposition or valuation of any investment (including proposed but unconsummated investments), including outside counsel fees, court costs, costs of diligence (including travel and related expenses associated therewith), interest on borrowings, escrow fees and closing costs, and broken deal expenses, including, with respect to unconsummated co-investment opportunities, any costs, fees or expenses that would have been borne directly or indirectly by a co-investor had the co-investment opportunity been consummated; (b) costs, fees, expenses and liabilities related to the formation, operation, and maintenance of the Fund and Fund subsidiaries or alternative investment vehicles (including the subsidiary REIT) through or in which investments may be made except as specified below; (c) costs, fees, expenses and liabilities relating to the incurrence and repayment of indebtedness or the creation of any mortgage or security interest, together with interest and other amounts payable thereon and fees and expenses related thereon; (d) management fees and other fees or expenses payable to Rimrock and its affiliates; (e) all ordinary administrative expenses of the Fund, including fees of auditors, accountants, attorneys, tax advisors, appraisers, third party administrators and other professionals and the cost of reports to limited partners and tax projections; (f) costs of recordkeeping, registration, licensing, filing fees, supplemental or updated required disclosures, including supplements, updates or addendums to the private placement memorandum, and reporting to regulatory



authorities in any jurisdiction in which the Fund is organized, is marketed, owns property, or directly or indirectly conducts business and the provision of information necessary to complete and file required regulatory reports; (g) taxes, if any, applicable to the Fund or any investment in any jurisdiction; (h) premiums and fees for insurance to benefit, directly or indirectly, Rimrock, its affiliates, the Fund, investors, and their respective affiliates, or their respective shareholders, partners, members, officers, directors, trustees, employees, consultants and agents, with respect to liabilities to any person in connection with the affairs of such entities, including errors and omissions insurance and financial institution bond insurance; (i) costs, fees and expenses of organizational maintenance and governance, including but not limited to Fund investor and advisory board meetings, and fees and expenses for winding up, liquidation, and dissolution of the Fund; (j) subject to certain limitations associated with the standard of care to which indemnified parties are subject, all costs and expenses (including attorneys' fees) arising out of litigation, arbitration, bankruptcy, insolvency, or regulatory proceedings involving the Fund or its investments or matters that are the subject of indemnification rights; (k) all other operational and overhead expenses of the Fund and its subsidiaries including, but not limited to, any share of fees payable to third parties to provide economic or other data, software, data processing, modeling, valuations, and trade processing, legal, compliance, and tax support and other services provided by third parties; and (l) any expenses incurred in connection with the preparation of, and negotiations with respect to, any side letters or similar agreements, any actual or potential transfer or assignment of Fund interests, and any opinions of third parties required thereunder.

Money market mutual funds may be used to "sweep" unused cash balances until the cash can be appropriately invested. Private Fund investors should recognize that all fees paid to Rimrock for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds to their shareholders. These fees will generally include a management fee and other fund expenses.

For the Private Funds except Rimrock Real Estate Fund I, L.P., Rimrock intends to bear the expenses of forming and organizing the Fund and Master Fund and marketing and selling Fund units or shares, including but not limited to, travel, legal, registration and filing costs, the cost of preparing offering and marketing materials and other documentation in connection with the formation of the Fund and Master Fund. Rimrock will provide the Fund with office space, utilities, office supplies and other routine office and administrative costs, service contracts for quotation equipment (except for the data, software and information fees as noted above), news wires and other information services. Rimrock will also pay its payroll and other costs of management, clerical and administrative personnel such as salaries, wages, payroll taxes, bonuses, cost of employee benefits and benefit plans and temporary office help. Rimrock will also bear the costs of its compliance with the Advisers Act of 1940, as amended, such as preparation and updating of Form ADV. Rimrock does not intend to cause any of the Funds' expenses to be paid using "soft dollars" – *i.e.*, paid by securities brokerage firms in recognition of commissions or other compensation paid on securities transactions the Fund or Master Fund executes through them, although it reserves the right to do so.

Rimrock Real Estate Fund I, L.P. will not be responsible for the expenses of forming and organizing the Fund up until the initial closing; the costs of the Fund's initial private placement memorandum; marketing and selling Fund interests, including related travel expenses; compensation (salaries, wages, payroll taxes, bonuses, costs of employee benefits and benefit plans and temporary office help) of officers and employees of the Fund, Rimrock, or its affiliates; and office overhead (office space, utilities, office supplies and other routine office and administrative costs) of Rimrock or its affiliates other than telephone, mailing and messenger expenses. Rimrock will also bear the costs of its compliance with the Advisers Act of 1940, such as preparation and updating of Form ADV.

Rimrock maintains written policies and procedures concerning the allocation of expenses among clients. Expenses that benefit more than one client and are tied to a particular client investment are allocated among those clients that hold the investment, in accordance with the percentage of the investment held by those Funds at the time the invoice is received. Expenses that benefit more than one client that are not tied to a particular investment are allocated on a *pro rata* basis among all those clients, based on the net asset values of the clients at the time the invoice is received.

### *Valuations*

Rimrock has a responsibility to ensure that client portfolios and investments reflect fair and accurate valuations. In general, most of the securities in the Funds and Managed Accounts have readily available market quotations. However, it is not uncommon for securities or investments to be assigned a “fair market value” as determined in good faith by Rimrock.

Valuations of client holdings are in accordance with the Statement of Financial Accounting Standards Topic 820 (“FSAB ASC Topic 820” or the “Standard”) and are categorized within the Fair Value Hierarchy as stated in the Standard.

FASB ASC TOPIC 820 - LEVEL 1 - Level 1 instruments are liquid and traded in active markets with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 instruments include exchange-traded securities, listed derivatives, futures contracts and over-the-counter securities traded in an active market. Such instruments have observable market inputs to arrive at fair value and such inputs are reliable and verifiable.

FASB ASC TOPIC 820 – LEVEL 2 and LEVEL 3 - Level 2 includes assets and liabilities valued using observable inputs other than quoted prices used to value Level 1 securities, while Level 3 consists of the most “unobservable” inputs (e.g., highly illiquid securities). In accordance with FASB ASC 820, Rimrock seeks to maximize the use of observable inputs and minimize the use of unobservable inputs to extent possible when determining the fair value of a security or other financial instrument.

Rimrock seeks to ensure that appropriate valuation procedures are followed to price securities in client accounts managed by Rimrock. Rimrock strives for consistent pricing sources that accurately reflect current market activity prices. The Chief Financial Officer has overall responsibility for implementing Rimrock’s valuation policies and procedures. If it is determined that a price obtained from a custodian, pricing service or other source is not reflective of current market conditions, each of the Chief Financial Officer and Chief Risk Officer have the authority to change the pricing source. In addition, Rimrock’s Evaluation and Pricing Committee is charged with ensuring the integrity of the securities pricing process for the Private Funds and Managed Accounts and for periodic reviews of Rimrock’s valuation policies and procedures. The Evaluation and Pricing Committee is comprised of a number of senior employees, including but not limited to the Chief Executive Officer, Chief Risk Officer, Chief Financial Officer, and two senior Portfolio Managers. A majority of Committee members are not engaged in portfolio management. Rimrock’s Chief Compliance Officer is a non-voting member of the Committee. The Committee meets monthly to review any pricing source changes, changes or additions to ASC 820 (FAS 157) Level 3 positions and fair values, as well as other valuation related matters.

For Rimrock Real Estate Fund I, L.P., the Fund will obtain third party fair market value appraisals of each investment in which the Fund has equity capital invested in an amount equal to or greater than 5 percent (but less than 10 percent) of the aggregate Fund commitments beginning as of the Valuation Start Date for such investment and continuing every two years thereafter at the expense of the Fund (the “5% Valuation

Requirement”). The “Valuation Start Date” means, with respect to an investment, the end of the fiscal quarter following the second anniversary of, (i) if such investment is a development project, the date of receipt of the certificate of occupancy for such investment, and (ii) if such investment is not a development project, the date of acquisition of such investment. The Fund will obtain, annually, third party fair market value appraisals of each investment in which the Fund has equity capital invested in an amount equal to or greater than 10 percent of the aggregate Fund commitments as of the Fund’s final closing and at such other intervals as determined by the Fund’s general partner in its sole discretion for all other assets, subject to the 5% Valuation Requirement, at the expense of the Fund.

Rimrock uses independent pricing sources to value client investments whenever these prices are deemed accurate. If market quotations are not available from independent third parties (including broker-dealers), then securities and other financial assets are valued at “fair value,” in accordance with FASB guidance. Fair value is determined using Rimrock’s best efforts to estimate the value based on comparable securities or valuation models using sources and inputs Rimrock deems reliable such as Bloomberg, broker-dealer quotes, third party pricing services, and others depending on the particular security. This is determined in good faith by Rimrock. Third party pricing services generally provide values to Rimrock following review and analysis of available documentation and information, including but not limited to information provided by Rimrock. Depending on the extent of reliance by third party services on that information, those valuations may not be considered “independent.” Fair valuation is the last option.

Rimrock has adopted the following set of valuation procedures to determine the prices to be used for securities held in client accounts. Client account custodians serve as the primary provider of security prices. For Rimrock sponsored funds, Northern Trust serves as custodian. For all other Rimrock client accounts, the client selects the custodian. In addition to custodian-provided pricing, Rimrock attempts to obtain prices from alternative sources. These include third party pricing sources and broker-dealers known to be active in certain segments of the fixed income markets. Prices are determined at least monthly for the Funds, custodian and select broker prices are reviewed daily. If Rimrock determines that a value obtained from a custodian, pricing service or other service is not reflective of current market values, it may change the value, using its best efforts to estimate the value. In some instances, a portfolio security will be valued higher than the price at which it was recently purchased if higher value is supported by the Fund’s valuation procedures and where the Adviser reasonably believes that the security could be sold for a higher price. For example, when a Fund purchases securities in an order size smaller than a normal trading unit it may receive a discounted price, but if Rimrock would be able to aggregate those securities from the Fund’s portfolio with those or similar securities held in other client accounts, the security could be sold at its market price.

Clients, prospective clients, investors, and prospective investors in any of the Funds may review a copy of our current and complete valuation procedures at our offices by contacting us at the telephone number on the cover page of this brochure.

### *Termination*

A Fund investor may withdraw all or any part of its investment from a Fund as set forth in the applicable Fund’s prospectus or offering documents. For the Private Funds, Rimrock may, in its sole discretion, waive or modify any of the terms of withdrawal. Rimrock seeks to treat all clients and investors in a fair and equitable manner. The decision to waive or modify any terms, permitted by offering documents, will be based on the facts and circumstances of the request and with consideration of the impact on other clients and investors.

Investors in each Fund should refer to the appropriate Fund's organizational and prospectus or offering documents for complete information regarding withdrawals of investments. Rimrock Real Estate Fund I, L.P. has a term of 10 years from its initial closing and does not permit investor redemptions during its term. Rimrock's other Private Funds have different share classes offering distinct termination provisions. Generally, Private Fund investors must provide forty-five (45) days notification for a quarterly redemption after a one (1) year soft lock-up period or one hundred twenty (120) days notification for annual quarterly redemption after a two (2) year soft lock-up period. However, Rimrock Structured Product Fund requires only ninety (90) days notification for annual quarterly redemption after the two (2) year soft lock-up period. For most Rimrock Private Funds, early redemptions, prior to the expiration of the lock-up, may be permitted by Rimrock subject to a 3% redemption fee (an "Early Redemption Fee"). The Board of Directors of a Private Fund and Rimrock may, in their discretion, permit redemptions at other times and upon other payment terms as they decide, and may waive any applicable lock-up and notice periods. As an example, Rimrock may require or permit a partial or full redemption of an investor's shares, without an early redemption fee, to comply with, or avoid violations of applicable law, rules or regulations; after the death of an individual investor; and where Rimrock has determined in good faith that a redemption will not be detrimental to a Fund or the interests of redeeming or remaining investors. For any partial period, investors will be charged prorated fees in arrears. For most Private Funds, Rimrock may limit the amount of Fund redemptions on a quarterly basis to 25% of the related Master Fund's net asset amount. If the 25% quarterly limit is reached, the redeeming investors will receive a pro rata portion of their requested amount.

Managed Account clients may terminate the relationship with us with prior written notice (generally 30 days) in accordance with the terms of their investment management agreement. Managed Account holdings could overlap with those of Private Funds, providing earlier liquidity to Managed Account clients.

#### *Side Arrangements*

Rimrock has and may in the future, as appropriate, waive or modify certain terms of investment for certain investors, in side letters or otherwise, in its sole discretion.

Rimrock Private Funds have no side pocketed assets.

#### *General*

Investors in the Funds and prospective investors in any new fund launched by Rimrock or its affiliates should refer to the appropriate prospectus or offering and organizational documents for additional important information, terms, conditions and risks involved with investing in the Fund(s).

#### *Personal Investments in Funds*

Certain executive officers and/or other employees of Rimrock, and their family members, have invested or may invest a material portion of their personal net worth in one or more of the Funds. Rimrock, as a firm, arose from the personal investment of its founding principal. Rimrock principals, officers, and employees are encouraged to invest in Rimrock Funds and currently are not charged any Fund management or performance fees. In so doing, Rimrock believes that an alignment of interest exists between Rimrock and Fund investors. In these circumstances, employees are likely to redeem, partially, or in full from a given fund, in order to pay taxes or rebalance their personal investments, and may regularly seek and obtain waivers of redemption restrictions to do so. As discussed above, the discretion to waive or modify any of the terms of withdrawal granted by a Fund's offering documents will be based on the facts and circumstances of the request and with consideration of the impact on other clients and investors.

Rimrock officers and employees, and their family members, may concentrate their investment in one or more of the Funds, creating an incentive to favor those Funds over other Funds in the allocation of investment opportunities. Rimrock seeks to address this potential conflict of interest by implementing policies and procedures for fair and consistent allocation of investment opportunities among all client accounts over time.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

It is important for investors to note that performance fees in the Private Funds and Managed Accounts create potential conflicts of interest, which Rimrock has identified and described in the following paragraphs.

Rimrock High Income PLUS (Master) Fund, Ltd. and its related feeder funds (collectively, “High Income PLUS”) is Rimrock’s primary investment fund. Most of the other Funds invest alongside High Income PLUS to an extent that varies by Fund.

Performance fees create an incentive for Rimrock to make investments that are riskier or more speculative than would be the case absent a performance fee arrangement. In order to address this potential conflict of interest, Rimrock periodically reviews client accounts to ensure that investments are suitable and that the account is being managed according to the client’s investment objectives and risk tolerance.

Performance fees also create an incentive for Rimrock to overvalue investments which lack a market quotation. In order to address such conflict, we have adopted policies and procedures that require our Firm to “fairly value” any investments which do not have a readily ascertainable value.

Furthermore, since Rimrock also has clients that pay different management and/or performance fees, we have an inherent incentive to favor the Funds or other accounts that pay higher management and performance fees. We will receive more compensation from clients with higher management fees, and compensation we receive from clients with greater performance fees is more meaningfully tied to the performance of their accounts. For example, investors in certain Managed Accounts will pay less in management fees and incentive fees than those in Rimrock Private Funds, creating an incentive for Rimrock to favor the Private Funds in allocating investment opportunities. However, as a fiduciary, we endeavor at all times to put the interests of our clients first. To this end, we take the following steps to address these conflicts of interest:

- We disclose to clients the existence of material conflicts of interest, including the potential for our Firm to earn more compensation from advisory clients who pay higher management and performance fees;
- We have implemented policies and procedures for fair and consistent allocation of investment opportunities among all client accounts over time;
- We allow clients to establish specific investment guidelines and restrictions that decrease the potential overlap of investment opportunities among clients;
- We periodically compare holdings and performance of accounts with similar strategies to identify significant performance disparities indicative of possible favorable treatment;
- We periodically review trading frequency and portfolio turnover rates to identify possible patterns of “window dressing,” “portfolio churning,” or any purposeful or unconscious attempts to manipulate trading to boost performance near the reporting period; and
- We educate our employees regarding the responsibilities of a fiduciary, including the need for equitable treatment of all clients, regardless of the fee arrangement.

Performance fees will only be charged in accordance with the provisions of Rule 205-3 of the Investment Advisers Act of 1940. **Private Fund and Managed Account investors must understand the performance fee method of compensation and its risks prior to subscribing to interests in any of the Funds.**

Certain Funds and Managed Accounts also have redemption provisions and/or lockups different from and shorter than those of other Funds. In extraordinary circumstances, if mass redemptions were to occur among numerous Rimrock clients in the same short period of time, redemptions from Managed Accounts and Funds with shorter redemption terms could have a negative effect on the liquidity and valuation of investments in Funds with longer redemption provisions and/or lockups. However, most Private Funds have means to limit or delay redemptions, which could help insulate remaining investors from the potential effect of mass redemptions.

### **Item 7 – Types of Clients**

Rimrock serves as the General Partner and investment adviser to various private investment funds and Managed Accounts that are available to pension and profit sharing plans, endowments, foundations, trusts, estates, charitable organizations, corporations, and other business entities.

Rimrock has no client advisory relationship with any retail investors and does not seek advisory relationships with any retail investors. Accordingly, Rimrock does not have, and will not prepare, maintain, or file a Form CRS with the SEC.

Generally, each investor in one or more of our Private Funds, and each Managed Account client must be an “accredited investor,” as defined in the Securities Act of 1933, as amended, and be eligible to enter into a performance fee arrangement. In addition, each investor is required to make representations concerning its sophistication as an investor and its ability to bear the risk of loss for its entire investment. To invest in the Funds, an investor must also be a “qualified purchaser” or “qualified client” as defined in the Investment Advisers Act of 1940, as amended. Finally, a Fund investor must be a “qualified eligible person” as defined in the Commodity Exchange Act, as amended. Rimrock may, in its discretion, waive all or part of any admission standard or requirement. Our minimum subscription for Private Fund investors is \$1,000,000. However, Rimrock may waive the minimum subscription requirement at our discretion on a case-by-case basis.

#### *Conditions for Investment*

Rimrock generally requires a minimum investment of \$1,000,000 for our Private Funds. Investors may be subject to disqualification provisions for investment in the Private Funds under Rule 506(d)(1) of the Securities Act of 1933. You must also be an accredited investor (under Regulation D) and qualified to participate in a performance fee arrangement (under the California Corporate Securities Law of 1968 and/or the Investment Advisers Act or 1940, as amended) by having a net worth of more than \$2,200,000 or investing at least \$1,100,000 in the private investment fund. For Private Funds open only to “qualified purchasers,” investors must have investments of at least \$5,000,000 (\$25,000,000 for most entities) at the time of investment.

## **Item 8 – Methods of Analysis, Investment Strategies and Risk of Loss**

For each Fund, Rimrock pursues an investment strategy described in the applicable Fund’s prospectus or private placement memoranda, as summarized for each respective strategy below. Managed Accounts may have a substantially similar mandate as the strategies described below or alternatively a sub-sector of one of the strategies; for example, a strategy limited to investments in the mortgage sector. In each case, the following summaries are not intended to be complete statements of the investment strategies and related risks of the applicable Rimrock Funds or Managed Accounts. Investors should review the full prospectus or private placement memorandum and other governing documents for a given Fund for a complete statement of the strategy and risks relating to such Fund. The terms of a Rimrock Fund’s prospectus or private placement memorandum and other governing documents supersede the disclosures contained in this Brochure.

### ***A. Method of Analysis – Fixed Income***

Rimrock’s investment process is built around an extensive fundamental, bottom-up analytical process. However, we do incorporate our view of the business cycle and credit cycle.

#### **Top-Down**

Rimrock performs an annual review where we attempt to identify the trends that may impact the global economy over a longer-term horizon. On a quarterly basis, we review and generate an outlook for the global economic cycle over the next 12 months, seeking to identify relative strengths and weaknesses within the major global economies. The quarterly review also involves relative value analysis across all asset classes, in an effort to identify anomalous pricing, both quantitatively and qualitatively. Rimrock also performs a fixed income sector analysis in order to identify sub-sector pricing and performance trends that may impact our security selection process.

#### **Bottom-Up**

Rimrock seeks to purchase securities with an eye towards holding until maturity, pay down, or call. Rimrock does so by employing multiple models and stress tests to model risk, as well as gain a thorough understanding of any structural components. We look to identify undervalued securities that hold up to a wide range of economic outcomes, using conservative default and recovery assumptions. Our efforts combine technology and experience to identify bonds with preferred attributes from various bid lists and dealer inventories.

#### **Risks**

Rimrock’s investment approach has risks. Each investment portfolio will be subject to market volatility. Each portfolio will follow an investment strategy that, if unsuccessful, could involve significant losses for investors. In addition, Rimrock’s investment approach is generally based on information and data derived from firsthand research and, for public companies, filed by the issuers of such securities with the SEC. Rimrock is not in many cases in a position to confirm the completeness or accuracy of such information and data, and such information and data may not, in fact, be complete or accurate. See Item 8.C. below for more information on risks.

#### **UNPRI**

Rimrock has signed on to the United Nations Principals for Responsible Investing (“UNPRI”), reflecting its commitment to incorporating ESG issues into our investment analysis and decision-making process. The

UNPRI recognize that ESG issues can affect the performance of investments, and must be given appropriate consideration by investors.

### ***B. Methods of Analysis – Real Estate***

Rimrock uses an extensive fundamental, bottom-up analytical process. We also incorporate our view of the business, credit, and real estate cycles.

#### Top-Down

Rimrock performs an annual review where we attempt to identify the trends that may impact the global economy over a longer-term horizon. On a quarterly basis, we review and generate an outlook for the global economic cycle over the next 12 months, seeking to identify relative strengths and weaknesses within the major global economies. The quarterly review also involves analysis of supply and demand drivers and valuation across the various subsectors of commercial real estate and various markets within the United States to assist in identifying the best investment opportunities.

#### Bottom-Up

Rimrock seeks to purchase real estate we believe will offer attractive risk-adjusted returns over a 5+ year hold period. Rimrock does so by modeling a variety of economic and property level scenarios that could impact occupancy, rents, lease rollover, and other factors, both positively and negatively. We look to identify undervalued properties that will perform well in a wide range of economic scenarios, using conservative assumptions around rental growth, exit capitalization rates and other metrics. Our efforts combine technology and experience in both the CMBS and commercial real estate equity markets to identify properties with preferred attributes through both the CMBS market and commercial real estate broker community.

#### Risks

Investing in commercial real estate properties is subject to significant risks, including but not limited to, adverse global and domestic economic conditions, such as a deep recession which results in significant employment losses; weak markets for real estate generally and/or in the specific location where a property is located; business closings, industry or sector slowdowns; adverse changes to the availability and terms of financing; oversupply of, or reduced demand for, certain types of real estate properties; competition from other properties that may be better located, newer, more suitable, or more aggressively priced; natural disasters, rising sea levels and severe weather-related events; declines in population or shifting demographics; terrorist and cyber-attacks, acts of war or violence; full or partial government condemnation; uninsured property losses; health emergencies such as pandemics and epidemics; and material increases in property operating costs, such as property taxes, utilities, or litigation expenses, or unanticipated repairs and renovations. Although Rimrock will seek to diversify its holdings, the fund may experience periods when investments are geographically concentrated, either regionally or in certain markets with similar demographics, or in certain property types, such as offices, retail centers, or self-storage facilities. See Item 8.D. below for more information on risks.



### *C. Investment Strategies*

Investment Strategy: Rimrock High Income PLUS (Master) Fund, Ltd.  
Rimrock High Income PLUS Fund, L.P.  
Rimrock High Income PLUS (QP) Fund, L.P.  
Rimrock High Income PLUS (Cayman) Fund, Ltd.  
Rimrock High Income PLUS (JPY) Trust

Rimrock High Income PLUS Fund (“High Income PLUS”) is a multi-sector fixed-income relative value fund. The Fund’s strategy is to exploit structural and technical inefficiencies in the market, especially in the short end of the yield curve, and to enhance returns through the use of hedging, modest leverage and select longer-term total return investments.

High Income PLUS’s focus on the short-end of the yield curve is the result of the portfolio management team’s extensive experience and research surrounding the efficacy of that part of the market. Empirical data going back to the 1950s demonstrates the superior risk-adjusted return characteristics found in the short end of the curve, where an investor buying securities with an average life between one (1) and three (3) years has been able to capture a higher rate of return for a less than commensurate increase in risk. Interestingly, the data includes extended periods of rising rates and even some inverted yield curves. While the historical data is compelling, it is important to understand the forces responsible for this relationship and to determine its sustainability in the future.

First, the demand for money market instruments (those having a maturity of 13 months or less) continues to grow, as there are certain investors who are willing to pay a premium for the surety of price stability. The combination of the strong demand for money market instruments and the cost associated with not “breaking the buck” serve to reduce the offered return to investors. For those securities just beyond the 13-month mark, there is an exceptional increase in the potential risk-adjusted return for investors who are willing to move just beyond the “safety” of money markets.

After the money markets sector, another relatively efficient part of the fixed-income market includes those bonds that comprise the Barclays Capital Aggregate Bond Index or other similar intermediate duration benchmarks that are popular with large pension funds, endowments and foundations for their long-only fixed-income allocations. The number of sophisticated investment managers investing in this part of the yield curve serves to increase the efficiency of the market, and as a result, reduces the opportunity to purchase instruments with outstanding risk-adjusted return characteristics. Bonds that start their life in the Barclays Capital Aggregate Bond Index will ultimately exit the index as they “roll down” the yield curve on their march towards maturity and will have to pass through the less trafficked short end of the yield curve. While the shape of the yield curve will likely change, and the advantage found in the short end may wax and wane over time, the expectation is that the general relationship will hold going forward.

In addition to being able to take advantage of structural and technical inefficiencies in the market, High Income PLUS’s focus on the short end of the yield curve has the benefit of limiting the Fund’s interest rate risk. As part of the investment process, the Fund does not try to predict the direction or rate of change in interest rates, but concentrates its efforts on identifying undervalued bonds. Therefore, the overall duration of the portfolio is limited to between (-1) and +3 years, with the mid-point at +1 year, which ensures a muted impact on performance regardless of a change in rates. Lastly, as an investor in short average life bonds, High Income PLUS can be more reliant on maturity and return of principal as an exit strategy rather than having to sell a bond in order to capture a profit.

Overall, High Income PLUS seeks to maintain a low risk profile by adhering to a disciplined relative value approach and achieving a diversified portfolio. The Fund has three (3) strategic components: an Income Portfolio, which seeks to generate an attractive yield; select Total Return Strategies that serve to complement the Income Portfolio; and Hedging, which attempts to moderate specific risks in the Fund.

### *Income Portfolio*

The Income Portfolio is a diversified portfolio that utilizes a broad investment charter and modest leverage to generate an attractive yield, which is designed to represent the majority of the Fund's returns over time. Unlike some sector-specific fixed-income funds, High Income PLUS has the ability to seek value in all sectors of the fixed-income universe, including mortgages, asset-backed securities ("ABS"), corporates (both investment grade and below investment grade), and emerging markets. The Fund is also able to employ all security types and structures in the construction of the Income Portfolio. The notional leverage in the Income Portfolio is limited to a maximum of three times (3x) equity (*i.e.*, two dollars (\$2) of borrow against one dollar (\$1) of equity), while the Fund's normal range has been approximately 1.2 to 1.4 times equity (*i.e.*, 20 to 40 cents of borrow for every dollar of equity).

### *Total Return Strategies*

In addition to the yield generated by the Income Portfolio, the portfolio management team is confident in their ability to identify a select number of opportunities that serve to enhance performance. Typically, these Total Return Strategies will complement, or hedge, the Income Portfolio and may include strategies ranging from relative value to fixed income arbitrage to more macro-oriented positions. Importantly, the exposure of each individual Total Return position is typically limited to an amount representing 2-3% loss for the Fund, with a maximum of 5%. Therefore, if High Income PLUS is wrong on each of the Total Return positions, it should not completely offset the potential returns generated in the Income Portfolio.

### *Hedging*

High Income PLUS uses a variety of hedging techniques to reduce certain risks inherent in a fixed income portfolio, such as duration (a measure of a bond's interest rate sensitivity), convexity (a measure of sensitivity of a bond's duration to a change in interest rates), volatility (a measure of variation in price), and spread widening (a measure of price impact due to changes in credit spreads). The Fund's approach to hedging emphasizes identifying cost effective strategies. More importantly, however, the Fund attempts to utilize liquid instruments to give it the option to monetize the hedging strategies should the environment warrant it.

Investment Strategy: Rimrock Low Volatility (Master) Fund, Ltd.  
Rimrock Low Volatility Fund, L.P.  
Rimrock Low Volatility (QP) Fund, L.P.  
Rimrock Low Volatility (Cayman) Fund, Ltd.  
Rimrock Low Volatility (QP) (Cayman) Fund, Ltd.  
Rimrock Low Volatility (QP) (JPY) Trust

The Rimrock Low Volatility Funds (the "Low Vol. Fund") is a multi-strategy fixed income fund. The Low Vol. Fund seeks to generate returns through the exploitation of structural and technical inefficiencies in the market, especially in the short-end of the yield curve, and through careful security selection, modest leverage, and active hedging.

Please refer to the paragraphs above describing our investment approach for High Income PLUS. The Low Vol. Fund employs a similar investment approach, except for the Total Return Strategies, which are excluded.

Overall, the Low Vol. Fund seeks to maintain a low risk profile by adhering to a disciplined relative value approach and achieving a diversified portfolio. The Low Vol. Fund has two (2) strategic components: an Income Portfolio, which seeks to generate an attractive yield, and Hedging, which attempts to moderate specific risks in the Low Vol. Fund.

#### *Income Portfolio*

The Income Portfolio is a diversified portfolio that utilizes a broad investment charter and modest leverage to generate an attractive yield, which is designed to represent the majority of the Low Vol. Fund's returns over time. Unlike some sector-specific fixed-income funds, the Low Vol. Fund has the ability to seek value in all sectors of the fixed-income universe, including mortgages, ABS, corporates (both investment grade and below investment grade), and emerging markets. The Low Vol. Fund is also able to employ all security types and structures in the construction of the Income Portfolio. The notional leverage in the Income Portfolio is limited to a maximum of three times (3x) equity (*i.e.*, two dollars (\$2) of borrow against one dollar (\$1) of equity), while the Low Vol. Fund's normal range has been approximately 1.2 to 1.4 times equity (*i.e.*, 20 to 40 cents of borrow for every dollar of equity). At times, the Low Vol Fund's Income Portfolio has been positioned more conservatively than that of High Income PLUS.

#### *Hedging*

The Low Vol. Fund uses a variety of hedging techniques to reduce certain risks inherent in a fixed-income portfolio, such as duration (a measure of a bond's interest rate sensitivity), convexity (a measure of sensitivity of a bond's duration to a change in interest rates), volatility (a measure of variation in price), and spread widening (a measure of price impact due to changes in credit spreads). The Low Vol. Fund's approach to hedging emphasizes identifying cost effective strategies. More importantly, however, the Low Vol. Fund attempts to utilize liquid instruments to give it the option to monetize the hedging strategies should the environment warrant it.

<u>Investment Strategy:</u>	Rimrock Structured Product (Master) Fund, Ltd. Rimrock Structured Product Fund, L.P. Rimrock Structured Product (Cayman) Fund, Ltd. <u>Rimrock Structured Product (JPY) Trust</u>
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The Rimrock Structured Product Fund (the "SPF Fund") is a fixed income relative value fund. The SPF Fund's strategy is to exploit structural and technical inefficiencies in the market, especially in the mortgage-backed securities ("MBS"), ABS, commercial mortgage-backed securities ("CMBS") and other structured product sectors of the fixed income market.

Rimrock will focus the exposure of the SPF Fund in structured product securities that have a relatively short average life, between one (1) and three (3) years, and which also demonstrate attractive risk and reward characteristics. In addition, Rimrock will have the ability to use modest leverage and hedging strategies in an effort to generate attractive rates of return with commensurate performance volatility.

Rimrock believes that the structured product sector of the fixed-income market, including MBS, ABS and CMBS, is relatively inefficient and that it can apply its long experience in the structured product sector in order to identify securities that offer attractive risk-adjusted returns. Rimrock believes the SPF Fund can also benefit from its ability to transact in securities that have a below investment-grade rating, or in some cases no rating, from one or more of the nationally recognized statistical rating organizations ("NRSRO"), as most investors in this sector of the market are benchmarked to indices that do not include un-rated or below investment-grade rated securities, such as the Barclays Capital Aggregate Bond Index, and would be

less willing to utilize such securities in an effort to limit their deviation, or tracking error, relative to the benchmark. In addition, many institutional investors incorporate a limit on the amount of un-rated or below investment-grade securities in their fixed-income portfolio, which limits the number of participants in this space and can create an advantageous supply and demand dynamic for the SPF Fund.

Next, due to the large number of complex variables that are incorporated into Rimrock's evaluation of structured product securities, including a detailed analysis of both the underlying collateral and the legal structure of the security, Rimrock believes its long experience will be beneficial to the SPF Fund in its ability to identify undervalued or mispriced securities. The SPF Fund will also have the ability to utilize modest financial leverage, primarily through the use of term and rolling repurchase financing agreements, but will mitigate the funding risk through the use of multiple counterparties, the maintenance of a cash reserve, a reserve of alternative securities that can be financed, and the maintenance of a minimum level of liquidity in the underlying portfolio.

The SPF Fund uses a variety of hedging techniques to reduce certain risks inherent in a fixed-income portfolio, such as duration (a measure of a bond's interest rate sensitivity), convexity (a measure of sensitivity of a bond's duration to a change in interest rates), volatility (a measure of variation in price), and spread widening (a measure of price impact due to changes in credit spreads). The SPF Fund's approach to hedging emphasizes identifying cost effective strategies. More importantly, however, the SPF Fund attempts to utilize liquid instruments to give it the option to monetize the hedging strategies should the environment warrant it.

Finally, the SPF Fund has the ability to enter into select Total Return Strategies that are designed to exploit specific mispricing or relative value relationships in the structured product sector of the market, or the basis between certain securities within the sector. While Rimrock expects these Total Return Strategies to be more capital appreciation-oriented focused, Rimrock also believes these strategies can be additive to the overall performance of the SPF Fund and may serve to reduce its performance volatility over time.

Investment Strategy: Rimrock Real Estate Fund I, LP

Rimrock Real Estate Fund I, L.P. will seek to identify and purchase undervalued properties, using the lens of Rimrock's CMBS-related experience. The Fund will focus on retail and office properties, particularly in suburban and other geographic areas with positive demographic trends and limited supply in the U.S. Properties for purchase are expected to be in the \$5 million to \$50 million size range. The majority of the Fund's returns are expected to be derived from capital appreciation and a share of current cash flow generated during the holding period. Properties are anticipated to be held for a three to five year holding period before sale. The Fund is expected to be the first in a series of private closed-end fund vehicles offered to qualified institutional investors pursuing investments in commercial real estate.

Investment Strategy: Rimrock Strategic Income Fund, Ltd. Class A

The Rimrock Strategic Income Fund (the "SIF Fund") is a fund structure that was created for a single client (a/k/a a "fund of one") with specific legal needs requiring a Cayman-based vehicle. The underlying portfolio for Class A Shares (the "Fixed Income Relative Value Strategy") is benchmarked to a longer-duration index, and the client is utilizing the SIF Fund as a limited duration source of enhancing performance relative to the benchmark. The SIF Fund is not open to any other investors outside of the one client.

Shares of the SIF Fund invest in a multi-sector fixed-income relative value portfolio. Its strategy is to exploit structural and technical inefficiencies in the market, especially in the short end of the yield curve, and to enhance returns through the use of hedging, modest leverage and select longer-term total return investments. In addition, this portfolio seeks to maintain sufficient liquidity to satisfy monthly redemption requests, including through the use of more liquid securities.

In addition to being able to take advantage of structural and technical inefficiencies in the market, the Fixed Income Relative Value Strategy's focus on the short end of the yield curve has the benefit of limiting the portfolio's interest rate risk. As part of the investment process, the Fixed Income Relative Value Strategy does not try to predict the direction or rate of change in interest rates but concentrates its efforts on identifying undervalued bonds. Therefore, the overall duration of the portfolio is limited between (-1) and +3 years, with the mid-point at +1 year, which ensures a muted impact on performance regardless of a change in rates. Lastly, as an investor in short-average life bonds, the Fixed Income Relative Value Strategy can be more reliant on maturity and return of principal as an exit strategy rather than having to sell a bond in order to capture a profit.

Overall, the Fixed Income Relative Value Strategy seeks to maintain a low-risk profile by adhering to a disciplined relative value approach and achieving a diversified portfolio. The Fixed Income Relative Value Strategy has two (2) strategic components: an Income Portfolio, which seeks to generate an attractive yield, and Hedging, which attempts to moderate specific risks in the Fund.

#### *Income Portfolio*

The Income Portfolio is a diversified portfolio that utilizes a broad investment charter and modest leverage to generate an attractive yield which is designed to represent the majority of the Fund's returns over time. Unlike some sector-specific fixed-income funds, the Fund has the ability to seek value in all sectors of the fixed-income universe, including mortgages, ABS, corporates (both investment grade and below investment grade), and emerging markets. The Fixed Income Relative Value Strategy is also able to employ all security types and structures in the construction of the Income Portfolio. The notional leverage in the Income Portfolio is limited to a maximum of two times (2x) equity (*i.e.*, one dollar (\$1) of borrow against one dollar (\$1) of equity), while the Fixed Income Relative Value Strategy's normal range has been approximately 1.2 to 1.4 times equity (*i.e.*, 20 to 40 cents of borrow for every dollar of equity).

#### *Hedging*

The Fixed Income Relative Value Strategy uses a variety of hedging techniques to reduce certain risks inherent in a fixed income portfolio, such as duration (a measure of a bond's interest rate sensitivity), convexity (a measure of sensitivity of a bond's duration to a change in interest rates), volatility (a measure of variation in price), and spread widening (a measure of price impact due to changes in credit spreads). The Fixed Income Relative Value Strategy's approach to hedging emphasizes identifying cost effective strategies. More importantly, however, the SIF Fund attempts to utilize liquid instruments to give it the option to monetize the hedging strategies should the environment warrant it.

Investment Strategy: Rimrock Strategic Income Fund, Ltd.,  
Portfolio Insurance Class

This Class of the Rimrock Strategic Income Fund, Ltd. invests in a portfolio designed to be negatively correlated to a portfolio or segments of a portfolio that are sensitive to interest rate increases. In particular, this portfolio will own options on swaps ("swaptions") that will be used to hedge against a material increase in swap rates. The portfolio will seek to enhance investment returns through the use of financing and

leverage. The portfolio expects to use instruments to provide cost effective exposures, including but not limited to futures, options on futures, swaps and swaptions. This Class will maintain a highly concentrated portfolio, not one that is diversified. The portfolio managers may, however, use a variety of hedging techniques to reduce certain risks inherent in such a portfolio, such as duration (a measure of a bond's interest rate sensitivity), convexity (a measure of sensitivity of a bond's duration to a change in interest rates), volatility (a measure of variation in price), and spread widening (a measure of price impact due to changes in credit spreads). Hedging will emphasize cost effective strategies; however more importantly, the portfolio attempts to utilize liquid instruments, such that the portfolio may have the opportunity to monetize the hedging strategies, should the environment warrant such a transaction.

Investment Strategy: Rimrock Total Return Strategies Fund, Ltd.  
Rimrock Strategic Income Fund, Ltd.,  
Tactical Opportunities Share Class

Rimrock Total Return Strategies Fund, Ltd. and the Tactical Opportunities Share Class of the Rimrock Strategic Income Fund, Ltd. engage in investment strategies ("Total Return Strategies") that are designed to be complementary to other securities portfolios. Specifically, the Funds will seek to identify a dislocation in a pricing relationship, generate a valuation methodology that allows it to properly assess the upside and downside, and find identify one or more catalysts that will bring that pricing relationship either back to its historical level or some new level of stasis. Past examples include yield curve steepeners or flatteners, volatility swaps, or the relationship between US Treasuries and Agency residential mortgage-backed securities ("Agency RMBS"). The Funds seek to enhance investment returns from these strategies through the use of financing and leverage. The Funds expects to use alternative securities to provide more cost-effective exposures, including but not limited to futures, options on futures, swaps and options on swaps (aka "swaptions").

This set of strategies requires the maintenance of a highly concentrated portfolio, not one that is diversified. The Funds may, however, use a variety of hedging techniques to reduce certain risks inherent in a fixed income portfolio, such as duration (a measure of a bond's interest rate sensitivity), convexity (a measure of sensitivity of a bond's duration to a change in interest rates), volatility (a measure of variation in price), and spread widening (a measure of price impact due to changes in credit spreads). The Funds' approach emphasizes identifying cost effective strategies, and attempts to utilize liquid instruments, such that they may have the opportunity to monetize the hedging strategies, should the environment warrant such a transaction.

#### ***D. Risk of Loss***

The Rimrock Funds and Managed Accounts are subject to swings in value. All Funds and Managed Accounts follow an investment strategy that, if unsuccessful, could involve significant losses for Investors. Although Rimrock has the flexibility to react to changing market conditions, or changes in an investment, either could result in significant losses. An investment in the Private Funds or in Managed Accounts will not be liquid and is suitable only for persons who have no need for a return of any part of their investment for an extended period of time. There can be no guarantee that any account's or Fund's investment objectives will be achieved. Any such investment is subject to significant risk.

There is risk associated with reliance on Rimrock. The following is a partial list of the types of risks an investor assumes:

- Investment selection where one depends on Rimrock's skill;
- Possible changes in investment strategies and policies;

- Payment of a portion of the net profits to Rimrock creates an incentive to take riskier positions;
- Investors will not have direct input into the management of any Fund or Managed Account;
- Lack of regulatory oversight where the Funds or Managed Accounts are not covered by the Investment Company Act;
- Limited access to Fund information except periodic reports;
- Valuation of Fund and Managed Account investments; and
- Conflicts of interest, such as competing time pressure, challenges of allocating investment opportunities, and potential exposure to non-public information.

#### 1. Certain Risks of Debt Securities Generally

In addition to the material but generic examples listed above, Rimrock may expose investors in Funds and Managed Accounts to the non-exhaustive list below of specific security-related risks. Rimrock will not attempt to hedge all market and other risks inherent in the Funds' or Managed Accounts' positions. Rimrock may partially hedge certain risks. This will result in various directional market risks remaining unhedged. Rimrock may rely on diversification to control such risks to the extent that Rimrock believes it is desirable to do so.

##### (a) Interest Rates

Interest rate risk refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). The market value of debt securities that are interest rate sensitive is inversely related to changes in interest rates. That is, an interest rate decline produces an increase in a security's market value and an interest rate increase produces a decrease in value. The longer the remaining maturity of a security, the greater the effect of interest rate changes. Changes in the ability of an issuer to make payments of interest and principal and in the market's perception of its creditworthiness also affect the market value of that issuer's debt securities. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

Although governmental financial regulators, including the U.S. Federal Reserve, have taken steps to maintain historically low interest rates, the U.S. Federal Reserve has begun to raise interest rates slightly. It is possible there will be less governmental action in the future to maintain low interest rates or that action will be taken to raise interest rates further. Changes in market conditions and governmental action may have adverse effects on instruments, volatility, and liquidity in debt markets and any negative impact on fixed income securities could be swift and significant and may negatively impact performance.

##### (b) Maturity Risk

Interest-rate risk will generally affect the price of a debt security more if the security has a longer maturity. Debt securities with longer maturities will therefore be more volatile than other fixed-income securities with shorter maturities. Conversely, debt securities with shorter maturities will be less volatile but generally provide lower returns than municipal securities with longer maturities. The average maturity of a portfolio's debt security investments will affect the volatility of that portfolio's value.

(c) Credit Risk

Credit risk is the risk that the issuer of a debt security will not be able to pay principal and interest when due. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Rating agencies assign credit ratings to certain debt securities to indicate their credit risk. The price of a debt security will generally fall if the issuer defaults on its obligation to pay principal or interest, the rating agencies downgrade the issuer's credit rating or other news affects the market's perception of the issuer's credit risk.

A portion of a portfolio's holdings may be invested in below investment grade issues which may be subject to greater credit risk. Because not all dealers maintain markets in all lower quality and comparable unrated securities, there is no established retail secondary market for many of these securities. The lack of a liquid secondary market for certain securities may make it more difficult for a portfolio to obtain accurate market quotations for purposes of valuing portfolios. In addition, adverse publicity and Investor perceptions, whether or not based on Fundamental analysis, may decrease the values and liquidity of lower-quality and comparable unrated securities, especially in a thinly traded market.

(d) Investment-Grade Securities

Although bonds and notes rated in the BBB or equivalent category are commonly referred to as investment grade, they may have speculative characteristics. Such investments may, under certain circumstances, lead to a greater degree of fluctuation in a portfolio's asset value than if a portfolio only invested in higher-rated investment-grade securities with similar maturities. In addition, changes in economic conditions or other circumstances are more likely to lead to a weakened capacity to make principal and interest payments than is the case with higher grade bonds.

(e) Non-Investment-Grade Securities

A portfolio may invest in debt securities that are generally rated below investment grade (such as BB or lower by Standard & Poor's Corporation and/or BA or lower by Moody's Investors Service, Inc.) or deemed to be below investment grade by Rimrock in its sole discretion. These securities, often referred to as high-yield debt securities, are considered speculative and, while generally offering greater income than investments in higher quality securities, involve greater risk of loss of principal and income, including the possibility of default or bankruptcy of the issuers of such securities, especially during periods of economic uncertainty or change. These lower quality bonds tend to be affected by economic changes and short-term corporate and industry developments, as well as public perception of those changes and developments, to a greater extent than higher quality securities, which react primarily to fluctuations in the general level of interest rates.

In addition, the market for lower-rated debt securities may be thinner and less active than that for higher-rated debt securities, which can adversely affect the prices at which the lower-rated debt securities are sold. If market quotations are not available, lower-rated debt securities will be valued by Rimrock in its sole discretion. Judgment plays a greater role in valuing high-yield corporate-debt securities than is the case for securities for which more external sources for quotations and last sale information is available. Adverse publicity and changing investor perception may also affect the availability of outside pricing services to value lower-rated debt securities and a portfolio's ability to dispose of these securities. In addition, such securities generally present a higher degree of credit risk. Issuers of lower-rated debt securities are often highly leveraged and may not have more traditional methods of financing available to them so that their



ability to service their obligations during an economic downturn or during sustained periods of rising interest rates may be impaired. The risk of loss due to default by such issuers is significantly greater because below investment-grade securities generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness.

Additionally, while the market for high yield municipal debt securities has been in existence for many years and has weathered previous economic downturns, past experience may not provide an accurate indication of future performance of the high yield bond market, especially during periods of economic recession.

(f) Restructurings, Divestitures and Spin-Offs

Special situations that include the reorganization of corporate assets can create inefficiencies in the pricing of underlying securities. In many such situations, stock in a business within a reorganizing company will trade on a “when issued” basis prior to that business becoming a stand-alone public company. Rimrock may invest in this type of situation to take advantage of the relationship between the “when issued” security and the underlying security. Additionally, Rimrock may invest in any type of restructuring, divestiture or spin-off that exhibits a discrepancy in value between a business in its current form and the business or combination of businesses that will be the result of an extraordinary event.

(g) Stub Securities

Stub securities typically refer to a small equity component remaining after one company becomes the owner of a significant portion, but not all, of another. For example, this occurs when a buyout group leaves a small percentage of a company’s equity in the public market after the completion of a tender offer or merger to avoid having to file an initial public offering in the future. Another example is when a large public company in one business owns a significant position in the stock of another large public company in another business. The stock price of the owner of the equity position can be broken down into two parts, one part that represents the ongoing business of that company, and one part that represents the value of the equity position in the other company. Buying the stock of the owner and selling short the stock of the other company creates a synthetic stub security representing the value of the owner’s core business. Rimrock may purchase stub securities that it believes are inefficiently priced versus other related securities.

(h) Bankruptcy Reorganizations and Distress Situations

Rimrock invests in securities of companies that are stressed or distressed due to operating difficulties or an untenable capital structure. Rimrock believes that these special situations can present a unique opportunity to invest in a company below its intrinsic value. Investments will be made in securities with the potential for superior returns based on evaluation and research concentrating on: (i) industry (including barriers to entry, competition, pricing power and regulatory issues); (ii) company (including ownership, quality of management, profitability, credit statistics and event risk); (iii) security (including seniority in capital structure, covenant protection and asset protection); and (iv) valuation (including cash flows and company assets).

Once Rimrock identifies companies using one or more of the above research criteria, its strategy includes one or more of the following: (i) infusing capital into those companies that temporarily lack access to traditional sources of capital; (ii) financial restructuring of those companies that are distressed, in default or in bankruptcy; (iii) recapitalizing small to mid-sized private and public companies where the demands of the business and the demands of the marketplace create a capital market dichotomy; and (iv) reorganizing or globalizing those companies whose divisions, sections or departments are being transitioned or sold for

political, strategic or organizational reasons. Rimrock's strategy also includes the establishment of significant creditor positions respecting an identified company by purchasing that company's debt securities at a fraction of their face values. This can provide Rimrock with the necessary leverage to influence the company in its reorganization, restructuring or recapitalization efforts.

(i) Bank Loans and Participations

A portfolio may include significant amounts of bank loans and participations. These obligations are subject to unique risks, including (i) the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws, (ii) so-called "lender liability" claims by the issuer of the obligations, (iii) environmental liabilities that may arise with respect to collateral securing the obligations, and (iv) limitations on the ability of a portfolio to directly enforce its rights with respect to participations. In analyzing each bank loan or participation, Rimrock compares the relative significance of the risks against the expected benefits. Successful claims by third parties arising from these and other risks, absent fraud, willful misconduct or gross negligence by Rimrock, will be borne by a portfolio.

(j) Bankruptcy Issues

Some of the companies in which a portfolio invests may be involved in bankruptcy. There are a number of significant risks inherent in the bankruptcy process. These include the risks described below.

- (i) *Loss of Creditor Control.* Many events in a bankruptcy are the product of contested matters and adversarial proceedings and are beyond the control of the creditors. While creditors are generally given an opportunity to object to significant actions, there can be no assurance that a bankruptcy court in the exercise of its broad powers would not approve actions that would be contrary to the interests of a portfolio.
- (ii) *Permanent Adverse Effects.* The effect of a bankruptcy filing on a company may adversely and permanently affect the company. The company may lose its market position and key employees and otherwise become incapable of restoring itself as a viable entity. If, for this or any other reason, the proceeding is converted to liquidation, the liquidation value of the company may not equal the liquidation value that was believed to exist at the time of the investment.
- (iii) *Delays.* The duration of a bankruptcy proceeding is difficult to predict. A creditor's return on investment can be adversely impacted by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court and until the plan ultimately becomes effective. Reorganizations outside of bankruptcy are also subject to unpredictable and potentially lengthy delays.
- (iv) *High Administrative Costs.* 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. For example, if a proceeding involves protracted or difficult litigation, or turns into a liquidation, substantial assets may be devoted to administrative costs.
- (v) *Class Claims.* Bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization. Because the standard for classification is vague, there exists the risk that an investor's influence with respect to the class

of securities it owns can be lost by increases in the number and amount of claims in that class or by different classification and treatment.

- (vi) *Contingent Claims.* In the early stages of the bankruptcy process, it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made.
- (vii) *Dominion and Control.* Especially in the case of investments made prior to the commencement of bankruptcy proceedings, creditors can lose their ranking and priority if they exercise “domination and control” of a debtor and other creditors can demonstrate that they have been harmed by such actions.
- (viii) *Priority Claims.* Certain claims that have priority by law (for example, claims for taxes, employee salaries, pension claims and environmental claims) may be quite substantial.

In addition, under certain circumstances, payments to a portfolio and distributions by a portfolio to its respective investors may be reclaimed if any such payment is later determined to have been a fraudulent conveyance or a preferential payment.

(k) Participation on Creditors’ Committees

A portfolio may participate on committees formed by creditors to negotiate with the management of financially troubled companies that may or may not be in bankruptcy. A portfolio may also seek to negotiate directly with debtors with respect to restructuring issues. In the situation where a portfolio does choose to join a creditors’ committee, the portfolio would likely be only one of many participants, each of whom would be interested in obtaining an outcome that is in its individual best interests. There can be no assurance that a portfolio would be successful in obtaining results favorable to it in such proceedings, although the portfolio may incur significant legal fees and other expenses in attempting to do so. As a result of participation by a portfolio on such committees, the portfolio may be deemed to have duties to other creditors represented by the committees, which might thereby expose the portfolio to liability to such other creditors who disagree with the portfolio’s actions.

(l) Litigation

Rimrock may invest in companies involved in litigation where the outcome of a lawsuit may have a significant impact on a company in the very short term. Typically, these situations create significant uncertainty about the future of an enterprise and, consequently, allow for mispricing of the underlying securities. From time-to-time, a Fund or Managed Account may be long, short or hedged in securities of companies involved in these situations. This will be the case in so far as Rimrock can create positions that have attractive risk reward parameters based on the expected outcome of the legal event. In addition, clients may have direct claims arising out of their investments. Rimrock will assist with proofs of claim and engage outside counsel to provide advice or litigate client claims but cannot guarantee that such counsel will ultimately be successful in obtaining meaningful recoveries for clients.

(m) Cybersecurity

With reliance upon use of technologies such as the Internet to conduct business, Rimrock and its vendors and other service providers are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events and may arise from external or internal sources. Cyber-attacks include, but are not limited to, gaining unauthorized access to digital

systems, corrupting data, equipment or systems, or causing network services to be unavailable to intended users (i.e., “denial of service”) or other operational disruption. Cyber incidents affecting Rimrock, its vendors, and other service providers have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, the release of investor information or confidential business information, interference with the ability to calculate net asset values, impediments to trading, destruction of equipment and systems, violation of applicable privacy and other laws, regulatory fines or penalties, reputational damage, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of financial instruments in which Rimrock clients invest, counterparties with which clients engage in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions or parties.

(n) Unusual Securities Creations

Rimrock may invest in unusual securities created for particular purposes that are not of a type typically traded in the securities markets. Examples of such securities include, but are not limited to, publicly traded limited liability companies, contingent payment rights, and securities whose value is contingent upon the occurrence of a series of events. There may be no liquid market for such securities. The market prices, if any, of such investments tend to be more volatile and it may be impossible to sell such investments when desired or to realize their fair value in the event of a sale. Moreover, securities in which a portfolio may invest include those that are not listed on a stock exchange or traded in an over-the-counter market. As a result of the absence of a public trading market for these securities, they may be less liquid than publicly traded securities. There may be substantial delays in attempting to sell non-publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid. Further, companies whose securities are not publicly traded are not subject to the disclosure and other investor protection requirements which would be applicable if their securities were publicly traded.

(o) Equity Securities

The purchaser of an equity security typically receives an ownership interest in the company with certain voting rights. The owner of an equity security may participate in a company’s success through the receipt of dividends, which are distributions of earnings by the company to its owners. Equity security owners may also participate in a company’s success or lack of success through increases or decreases in the value of the company’s shares as traded in the public trading market for such shares. Equity securities generally take the form of common stock or preferred stock. Preferred stockholders typically receive greater dividends but may receive less appreciation than common stockholders and may have lesser or greater voting rights as well. Equity securities may also include convertible securities, warrants or rights. Convertible securities typically are debt securities or preferred stocks which are convertible into common stock after certain time periods or under certain circumstances. Warrants or rights give the holder the right to purchase a common stock at a given time for a specified price.

A portfolio may invest in equity securities of mid or small capitalization companies and recently organized or reorganized companies. Such securities have been more volatile in price than those of larger capitalized, more established companies. Securities of such companies pose greater investment risks because such companies may have limited product lines, distribution channels and financial and managerial resources. Further, there is often less publicly available information concerning such companies. The equity securities of such companies are often traded over the counter and not in the volumes typical on a national securities

exchange. Consequently, a portfolio may be required to dispose of such securities over a longer, and potentially less favorable, period of time than is required to dispose of securities of larger, more established companies.

(p) Initial Public Offerings

A portfolio may invest in initial public offerings, either directly or indirectly through investment in convertible securities, warrants, and other securities. An initial public offering (“*IPO*”) is a company’s first offering of stock to the public. The market value of IPO shares may fluctuate wildly due to factors such as the absence of a prior public market, unreasoned trading, excitement or concern around a company’s novel business, the small number of shares available for trading, and limited information about the issuer. The purchase of IPO shares may involve high transaction costs. A significant portion of a portfolio’s performance could be attributable to investments in IPOs because such investments in a fixed income portfolio could have a magnified impact. Because of the price volatility of IPO shares, IPO shares may be held for a short period of time. This may increase the turnover of the portfolio and may lead to increased expenses. The market for IPO shares can be speculative and/or inactive for extended periods of time. The limited number of shares available for trading in some IPOs may make it more difficult to buy or sell significant amounts of IPO shares without an unfavorable impact on prevailing prices. Investors in IPO shares can be affected by substantial dilution in the value of their shares, by sales of additional shares and by concentration of control in existing management and principal shareholders.

(q) Preferred Stock

A portfolio may invest in preferred stock which may have characteristics of both debt and equity securities. Dividend payments to preferred stockholders may be suspended or cancelled if the issuer experiences liquidity difficulties and the principal paid for preferred stock is generally subordinate to the debt obligations of the issuer. Consequently, investments in preferred stock carry significant risk of loss of principal.

(r) Private Equity Risks

Private equity investments involve an extraordinarily high degree of business and financial risk and can result in substantial or complete losses. Some private companies in which a portfolio invests, either directly or as a result of a reorganization, may be operating at a loss or with substantial variations in operating results from period to period and may need substantial additional capital to support expansion or to achieve or maintain competitive positions. Such companies may face intense competition, including competition from companies with much greater financial resources, much more extensive development, production, marketing and service capabilities and a much larger number of qualified managerial and technical personnel. Rimrock may or may not have control positions in private companies. When Rimrock takes minority positions and lacks control, clients run the risk that management or other shareholders will refuse to adopt Rimrock’s recommendations, resulting in investment losses from such refusal or disagreement. When Rimrock has a controlling interest, its actions may be limited by its fiduciary obligations to minority equity holders. If Rimrock selects or influences the selection of company management, or independent consultants to management, the managers or consultants selected may not be successful. Rimrock can offer no assurance that the efforts of any particular private portfolio company will be successful or that its business will succeed.

(s) Developments in Global Markets

Global markets from time to time have experienced significant disruptive events, including decreasing liquidity and declining market values. Credit and valuation problems in corporate, governmental and sovereign debt markets and the periodic mass liquidation of investment portfolios across all markets, among other factors, have generated extreme volatility and illiquidity in worldwide capital markets. This volatility and illiquidity at times has extended to the global markets generally and has been exacerbated by, among other things, growing uncertainty regarding the extent of the problems in areas such as the mortgage industry and financial institutions and the financial and economic condition of certain governments and countries, including decreased risk tolerance by investors, significantly tightened availability of credit and global deleveraging. Return of these market conditions and uncertainty and further deteriorations could result in further declines in the market values of the investment assets anticipated to be held by the Fund. The duration and ultimate effect of these market conditions cannot be predicted, nor is it known whether or the degree to which such conditions may worsen. Such declines could prevent the Fund from successfully executing the Fund's investment strategy and may require the Fund to dispose of investments at a loss while such adverse market conditions prevail.

On June 23, 2016, the United Kingdom (the "U.K.") held a referendum in which a majority of voters approved an exit from the European Union (the "E.U."), commonly referred to as "Brexit." On January 31, 2020, the UK officially withdrew from the EU. The UK and EU negotiated and finalized a new trade agreement effective January 1, 2021; however, many issues, including issues surrounding U.K.-E.U. financial services, have yet to be addressed. The UK and European economies and the broader global economy could be significantly impacted by these events, which may result in increased volatility and illiquidity, and potentially lower economic growth in markets in the UK, Europe and globally. Such results could potentially have an adverse effect on the value of the clients' investments. Brexit may also cause additional member states to contemplate departing from the EU, which would likely perpetuate political and economic instability in the region and cause additional market disruption in global financial markets.

(t) Non-U.S. Investments Involve More Risks

A portfolio may invest in securities of non-U.S. companies (including Depository Receipts), which involve risk not typically associated with investing in U.S. companies. A portfolio may be affected unfavorably by exchange control regulations or changes in the exchange rate between non-U.S. currencies and the U.S. dollar. Non-U.S. economies may differ unfavorably from the U.S. economy in growth of gross national product, rate of inflation, rate of savings and capital reinvestment, resource self-sufficiency and balance of payment positions, and in other respects. The value and marketability of a portfolio's investments in some non-U.S. countries could be materially reduced by expropriation or confiscatory taxation, limitations on the removal of funds or other assets, political or social instability, or diplomatic developments. In addition, securities of some non-U.S. companies are less liquid and their prices are more volatile than securities of comparable U.S. companies. Investing in non-U.S. securities creates a greater risk of clearance and settlement problems than does investing in U.S. securities.

(u) Recent and Anticipated Regulatory Activity

The U.S. Congress, the SEC and other regulators have taken, or represented that they may take, action to increase or otherwise modify the laws, rules and regulations applicable to short sales, derivatives and other techniques and instruments in which a portfolio may invest. New (or modified) laws, rules and regulations may prevent, or significantly limit the ability of, Rimrock from using certain such instruments or from engaging in such transactions. This may impair the ability of Rimrock to carry out a portfolio's investment

strategy and may otherwise have an adverse impact on a portfolio's returns. Compliance with such new or modified laws, rules and regulations may also increase the portfolio's expenses and therefore, may adversely affect the portfolio's performance. For example, the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "*Dodd-Frank Act*") imposes a number of new regulations governing certain over-the-counter derivative instruments and transactions. The SEC, the CFTC and various other regulatory agencies, including the federal banking agencies, have adopted numerous final rules implementing the Dodd-Frank Act, and continue with the process of developing regulations implementing the provisions of the Dodd-Frank Act. The final rules, exemptive orders and guidance actions promulgated by such agencies may impact the investment activities of Rimrock on behalf of a portfolio. Furthermore, since the finalization process is ongoing, it is not possible at this time to predict with certainty the total impact the Dodd-Frank Act and such implementing regulations will have on Rimrock or a portfolio. It is possible that such impact could be adverse and material.

In addition, the legal and regulatory environment for private investment funds (such as the Private Funds) and their managers is evolving worldwide. Increased regulation and regulatory oversight may impose administrative burdens on Rimrock, including, without limitation, responding to examinations and other regulatory inquiries and implementing new regulations, policies and procedures. Changes in the regulation of private investment funds, their managers and their investment activities may have a material adverse effect on the ability of clients to pursue their investment program and the value of investments held by Private Funds.

(v) Non-U.S. Investments Have Less Regulatory Oversight and Protection

The securities of non-U.S. issuers held by a portfolio are generally not registered under, nor are those issuers subject to the reporting requirements of, the U.S. securities laws and regulations. Accordingly, there may be less publicly available information about the securities, the non-U.S. company or government issuing them, or the non-U.S. board of trade clearing them than is available about a U.S. company, government entity or board of trade. Non-U.S. companies and non-U.S. boards of trade are not generally subject to accounting, auditing, and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies. Non-U.S. government supervision of stock exchanges, boards of trade, securities brokers and issuers of securities is generally less stringent than supervision in the U.S. The investments may also be subject to withholding taxes imposed by the applicable country's taxing authority.

(w) Emerging Markets

Emerging market countries include: (i) countries that are generally considered low or middle income countries by the International Bank for Reconstruction and Development (commonly known as the World Bank) and the International Finance Corporation; (ii) countries that are classified by the United Nations or otherwise regarded by their authorities as emerging; or (iii) countries with a market capitalization of less than 3% of the Morgan Stanley Capital World Index.

A portfolio may invest without percentage limitation in U.S. or non-U.S. securities. A portfolio may invest up to 100% of their total assets in emerging markets.

Investments in companies domiciled in developing countries may be subject to potentially higher risks than investments in companies in developed countries. These risks include (i) less social, political and economic stability; (ii) the small current size of the markets for such securities and the currently low or nonexistent volume of trading, that result in a lack of liquidity and in greater price volatility; (iii) certain national policies may restrict a portfolio's investment opportunities, including restrictions on investment in issuers

or industries deemed sensitive to national interests; (iv) foreign taxation; (v) the absence of developed legal structures governing private or foreign investment or allowing for judicial redress for injury to private property; (vi) the absence until recently, in certain developing countries, of a capital market structure or market-oriented economy; and (vii) the possibility that recent favorable economic developments may be slowed or reversed by unanticipated political or social events in such countries.

In addition, many countries in which a portfolio may invest have experienced substantial, and in some periods extremely high rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have negative effects on the economies and securities markets of certain countries. Moreover, the economies of some developing countries may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rate of inflation, currency depreciation, capital reinvestment, resource self-sufficiency and balance of payments position. Investments in developing countries may involve risks of nationalization, expropriation and confiscatory taxation. For example, the Communist governments of a number of Eastern European countries expropriated large amounts of private property in the past, in many cases without adequate compensation, and there can be no assurance that such expropriation will not occur in the future. In the event of such expropriation, a portfolio could lose a substantial portion of any investments it has made in the affected countries. Further, no accounting standards exist in certain developing countries. Finally, even though the currencies of some developing countries, such as certain Eastern European countries, may be convertible into U.S. dollars, the conversion rates may be artificial to the actual market values and may be adverse to Fund and Managed Account Investors.

(x) ABS and MBS

*General.* MBS investments are subject to credit, liquidity and interest rate risks. The value of the MBS generally will fluctuate with, among other things, the financial condition of the obligors on or issuers of the underlying assets of the MBS, general economic conditions, the condition of certain financial markets, political events, developments or trends in any particular industry, and changes in prevailing interest rates.

MBS generally are limited recourse obligations of the issuer thereof payable solely from the underlying assets or proceeds thereof. Consequently, holders of MBS must rely solely on distributions on the underlying assets or proceeds thereof for payment in respect thereof. If distributions on the underlying assets (or in the case of a market-value MBS, proceeds from the sale of underlying assets) are insufficient to make payments on the MBS, no other assets will be available for payment of the deficiency and following realization of the underlying assets, the obligations of the issuer to pay such deficiency shall be extinguished.

*Risks of Underlying Assets.* The underlying assets are subject to credit, liquidity, interest rate and other risks. Such assets may consist of high-yield debt securities, leveraged loans and other debt instruments generally rated below investment grade (or of equivalent credit quality). High-yield debt securities are generally unsecured (and loans may be unsecured) and may be subordinated to certain other obligations of the issuer thereof. The lower rating of high-yield securities and below investment grade loans reflects a greater possibility that adverse changes in the financial condition of an issuer or in general economic conditions or both may impair the ability of the issuer to make payments of principal or interest. Such investments may be speculative.

*Issuer Rights to Underlying Assets.* Issuers of MBS may acquire interests in loans and other debt obligations by way of sale, assignment or participation. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a lender under the credit agreement with



respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution.

Purchasers of loans are predominantly commercial banks, investment funds, mutual funds and investment banks. As secondary market trading volumes increase, new loans are frequently adopting standardized documentation to facilitate loan trading which may improve market liquidity. There can be no assurance, however, that future levels of supply and demand in loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue. Because of the provision to holders of such loans of confidential information relating to the borrower, the unique and customized nature of the loan agreement, and the private syndication of the loan, loans are not as easily purchased or sold as a publicly traded security, and historically, the trading volume in the loan market has been small relative to the high- yield debt market.

In purchasing participations, an issuer of MBS will usually have a contractual relationship only with the selling institution, and not the borrower. The issuer generally will have no right directly to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, nor have the right to object to certain changes to the loan agreement agreed to by the selling institution. The issuer may not directly benefit from the collateral supporting the related loan and may be subject to any rights of set-off the borrower has against the selling institution. In addition, in the event of insolvency of the selling institution, under U.S. law, the issuer may be treated as a general creditor of such selling institution, and may not have any exclusive or senior claim with respect to the selling institution's interest in, or the collateral with respect to, the loan. Consequently, the issuer may be subject to the credit risk of the selling institution as well as of the borrower.

The yield characteristics of mortgage-related and asset-backed securities differ from traditional debt securities. Among the major differences are that interest and principal payments are made more frequently, usually monthly, and that principal may be prepaid at any time because the underlying mortgage loans or other assets generally may be prepaid at any time. As a result, if a portfolio purchases such a security at a premium, a prepayment rate that is faster than expected will reduce yield to maturity, while a prepayment rate that is slower than expected will have the opposite effect of increasing yield to maturity. Alternatively, if a portfolio purchases these securities at a discount, faster than expected prepayments will increase, while slower than expected prepayments will reduce, yield to maturity. A portfolio may invest a portion of its assets in derivative mortgage-related securities which are highly sensitive to changes in prepayment and interest rates. Rimrock will seek to manage these risks (and potential benefits) by diversifying its investments in such securities and through hedging techniques.

*Interest-Rate Risk.* MBS are subject to interest-rate risk. The underlying assets of an issuer of MBS may bear interest at a fixed (floating) rate while the MBS issued by such issuer may bear interest at a floating (fixed) rate. As a result, there could be a floating / fixed-rate or basis mismatch between such MBS and underlying assets which bear interest at a fixed-rate ("*Fixed-Rate Assets*"), and there may be a timing mismatch between the MBS and assets that are not Fixed-Rate Assets ("*Floating-Rate Assets*"). In addition, the interest rate on Floating-Rate Assets may adjust more frequently or less frequently, on different dates and based on different indices than the interest rates on the MBS. As a result of such mismatches, an increase or decrease in the level of the floating-rate indices could adversely impact the ability to make payments on the MBS.

*Structured Finance Securities.* A portion of the underlying assets collateralizing investments may consist of trust certificates or similar securities of the type generally considered to be "re-packaged securities." Structured finance securities may present risks similar to those of the other types of MBS and, in fact, such

risks may be of greater significance in the case of structured finance securities. Moreover, investing in structured finance securities may entail a variety of unique risks. Among other risks, structured finance securities may be subject to prepayment, credit, liquidity, market, structural, legal and interest rate risks (which may depend upon any associated hedge agreement providing for the exchange of interest accruing on the security being repackaged into interest stated to be payable on the trust certificates or similar securities). In addition, the performance of a structured finance security will be affected by a variety of factors, including the level and timing of payments and recoveries on and the characteristics of the underlying repackaged securities, the remoteness of those assets from the originator or transferor, and the adequacy of and ability to realize upon any related collateral.

*Special Risks of Asset-Backed Securities.* ABS involve certain risks that are not posed by mortgage-related securities, resulting mainly from the fact that ABS do not usually contain the complete benefit of a security interest in the related collateral. For example, credit card receivables generally are unsecured and the debtors are entitled to the protection of a number of state and federal consumer credit laws, some of which may reduce the ability to obtain full payment. In the case of automobile receivables, due to various legal and economic factors, proceeds from repossessed collateral may not always be sufficient to support payments on these securities.

*Synthetic Securities.* A portion of the MBS may consist of synthetic securities, the reference obligations of which may be substantially the same as MBS. Investments in such types of assets through the purchase of synthetic securities present risks in addition to those resulting from direct purchases of such MBS. With respect to each synthetic security, the owner will usually have a contractual relationship only with the counterparty of such synthetic security, and not the reference obligor on the reference obligation. The owner generally will have no right directly to enforce compliance by the reference obligor with the terms of the reference obligation nor any rights of set-off against the reference obligor, may be affected by set-off rights exercised by the reference obligor against the counterparty or another person or entity, and generally will not have any voting or other contractual rights of ownership with respect to the reference obligation. The owner will not directly benefit from any collateral supporting the reference obligation and will not have the benefit of the remedies that would normally be available to a holder of such reference obligation. In addition, in the event of insolvency of the counterparty, the security owner will be treated as a general creditor of such counterparty, and will not have any claim with respect to the reference obligation. Consequently, the owner will be subject to the credit risk of the counterparty as well as that of the reference obligor. As a result, concentrations of synthetic securities entered into with any one counterparty will subject the owner and the Investors to an additional degree of risk with respect to defaults by such counterparty as well as by the reference obligor.

*Concentration Risk.* The concentration of the portfolio subjects the Shares to a greater degree of risk with respect to MBS or ABS defaults and defaults on the underlying assets of the MBS and ABS.

*Potential Illiquidity of MBS and ABS.* The market value of the MBS and ABS will fluctuate with, among other things, changes in market rates of interest, general economic conditions, economic conditions in particular industries, the condition of financial markets and the financial condition of the issuers of the MBS and ABS. In addition, the lack of an established, liquid secondary market for some MBS and ABS may have an adverse effect on the market value of those MBS and ABS and on the owner's ability to dispose of them. Therefore, no assurance can be given that, if Rimrock decides to dispose of a particular investment, it will be able to dispose of such investment at the prevailing market price. Such illiquidity may adversely affect the price and timing of liquidations.

*Insolvency Risks.* Various laws enacted for the protection of creditors may apply to the issuers of the MBS or ABS or the issuers of the assets underlying the MBS and ABS (solely for purposes of this risk factor, an “*Insolvent Company*”). The information in this and the following paragraph is applicable with respect to U.S. issuers. Insolvency considerations may differ with respect to non-U.S. issuers. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of an Insolvent Company, such as a trustee in bankruptcy, were to find that the issuer did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting the MBS, ABS or underlying assets (as applicable) and, after giving effect to such indebtedness, the Insolvent Company (i) was insolvent, (ii) was engaged in a business for which the remaining assets of the Insolvent Company constituted unreasonably small capital, or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could determine to invalidate, in whole or in part, such indebtedness as a fraudulent conveyance, to subordinate such indebtedness to existing or future creditors of the Insolvent Company or to recover amounts previously paid by such issuer in satisfaction of such indebtedness. The measure of insolvency for purposes of the foregoing will vary. Generally, an Insolvent Company would be considered insolvent at a particular time if the sum of its debts were then greater than all of its property at a fair valuation or if the present fair saleable value of its assets were then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether the Insolvent Company was “insolvent” after giving effect to the incurrence of the indebtedness constituting the MBS, ABS or underlying assets (as applicable) or that, regardless of the method of valuation, a court would not determine that the Insolvent Company was “insolvent” upon giving effect to such incurrence. In addition, in the event of the insolvency of an Insolvent Company, payments made on such MBS, ABS or underlying assets (as applicable) could be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one (1) year) before insolvency.

In general, if payments on MBS, ABS or underlying assets (as applicable) are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient or from subsequent transferees of such payments (such as other investors). However, a court in a bankruptcy or insolvency proceeding would be able to direct the recapture of any such payment from an investor only to the extent that such court has jurisdiction over such holder or its assets. Moreover, it is likely that avoidable payments could not be recaptured directly from a holder that has given value in exchange for its interest, in good faith and without knowledge that the payments were avoidable. Nevertheless, as there is no judicial precedent relating to structured securities such as these interests, there can be no assurance that an Investor will be able to avoid recapture on this or any other basis.

(y) Currency Risks

Rimrock endeavors to buy and sell foreign currencies on as favorable a basis as practicable. Some price spread on currency exchange (to cover service charges) may be incurred, particularly when a portfolio changes investments from one country to another or when proceeds of the sale of shares in U.S. dollars are used for the purchase of securities in foreign countries. Also, some countries may adopt policies which would prevent a portfolio from transferring cash out of the country, or withhold portions of interest and dividends at the source. There is the possibility of cessation of trading on national exchanges, expropriation, nationalization or confiscatory taxation, withholding and other foreign taxes on income or other amounts, foreign exchange controls (which may include suspension of the ability to transfer currency from a given country), default in foreign government securities, political or social instability, or diplomatic developments that could affect investments in securities of issuers in foreign nations.

The Funds and Managed Accounts may be affected either unfavorably or favorably by fluctuations in the relative rates of exchange between the currencies of different nations, by exchange control regulations and by indigenous economic and political developments. Some countries in which a portfolio may invest also may have fixed or managed currencies that are not free-floating against the U.S. dollar. Further, certain currencies may not be internationally traded.

Certain currencies have experienced a steady devaluation relative to the U.S. dollar. Any devaluations in the currencies in which portfolio securities are denominated may have a detrimental impact on a portfolio. Through a portfolio's flexible policy, management endeavors to avoid unfavorable consequences and to take advantage of favorable developments in particular nations where, from time-to-time, it places the portfolio's investments. The exercise of this flexible policy may include decisions to purchase securities with substantial risk characteristics and other decisions such as changing the emphasis on investments from one nation to another and from one type of security to another. Some of these decisions may later prove profitable and others may not. No assurance can be given that profits, if any, will exceed losses.

(z) Forward Contracts

A forward contract, which is individually negotiated and privately traded by currency traders and their customers, involves an obligation to purchase or sell a specific currency for an agreed-upon price at a future date. A portfolio may enter into a forward contract, for example, when it enters into a contract for the purchase or sale of a security denominated in a foreign currency or is expecting a dividend or interest payment in order to "lock in" the U.S. dollar price of a security, dividend or interest payment. When Rimrock believes that a foreign currency may suffer a substantial decline against the U.S. dollar, it may enter into a forward contract to sell an amount of that foreign currency approximating the value of some or all of the portfolio's securities denominated in such currency, or when Rimrock believes that the U.S. dollar may suffer a substantial decline against a foreign currency, it may enter into a forward contract to buy that currency for a fixed dollar amount. Forward contracts may limit potential gain from a positive change in the relationship between the U.S. dollar and foreign currencies. Unanticipated changes in currency prices may result in poorer overall performance by a portfolio than if it had not entered into such contracts.

(aa) Options

A portfolio may buy and sell put and call options. Although successful trading in options contracts requires many of the same skills required for successful securities trading, the risks involved are somewhat different. For example, if a portfolio were to write a covered call option, the portfolio would give up the opportunity while the option is in effect to realize gain from any price increase (above the option exercise price) in the underlying security. In addition, the portfolio's ability to sell the underlying security is limited while the option is in effect unless the portfolio effects a closing purchase transaction. The purchase of an option runs the risk of losing the entire investment, thereby causing significant losses to the account in a relatively short period of time.

- (i) *Options Trading Is Speculative And Risky.* The trading of options is highly speculative and may entail more risk than those present when investing in other securities. Prices of options are generally more volatile than prices of other securities. Purchasing options allows a portfolio to speculate on market fluctuations of securities and securities exchange indices while investing only a small percentage of the value of the securities underlying the option. A change in the market price of the underlying securities or underlying market index will cause a much greater percentage change in the price of the option contract. In addition, a portfolio will lose the premium it paid to purchase an option if the portfolio does not sell or exercise the option. If the portfolio sells

options and must deliver the underlying securities at the exercise price, the portfolio has a theoretically unlimited risk of loss if the price of the underlying securities increases. If the portfolio must buy the underlying securities, the portfolio risks the loss of the difference between the market price of the underlying securities and the exercise price. Any gain or loss derived from the sale or exercise of an option will be reduced or increased, respectively, by the amount of the premium paid. The expenses of option investing include commissions payable on the purchase and on the exercise or sale of an option.

- (ii) *Options Not Traded On An Exchange Involve Additional Risk.* A portfolio may buy or sell stock or index options not traded on a securities exchange. Options not traded on an exchange are not issued by the Options Clearing Corporation. The risk of nonperformance by the obligor on such an option may be greater and the ease with which a portfolio can dispose of such an option may be less than in the case of an exchange-traded option issued by the Options Clearing Corporation.

(bb) Futures Contracts

A portfolio may invest in futures contracts, which may subject them to certain special significant risks as described below:

- (i) *Speculative and Volatile.* Futures contracts prices are highly volatile. Price movements of futures contracts are influenced by, among other things: changing supply and demand relationships; government trade, fiscal, monetary and exchange programs and policies; national and international political and economic events; and changes in interest rates. In addition, governments from time-to-time intervene, directly and by regulation in certain markets, particularly in currencies and gold. Such intervention is often intended to influence price directly. None of these factors can be controlled by Rimrock and no assurances can be given that advice will result in profitable trades for a portfolio or that a portfolio will not incur substantial losses.
- (ii) *Highly Leveraged.* The low margin deposits normally required in futures trading permit an extremely high degree of leverage; margin requirements for futures trading being in some cases as little as 2% of the face value of the contracts traded. For example, if at the time of sale 10% of the price of the futures contract is deposited as margin, a 10% decrease in the price of the futures contract would, if the contract was then closed out, result in a total loss of the margin deposit before any deduction for the trading commission. A decrease of more than 10% would result in a loss of more than the total margin deposit. Accordingly, a relatively small price movement in a futures contract may result in immediate and substantial loss to the portfolio. Like other leveraged investments, any trade may result in losses in excess of the amount invested.
- (iii) *Illiquidity.* U.S. commodity exchanges impose “daily limits” on the amount by which the price of most futures contracts traded on such exchanges may vary during a single day. Daily limits prevent trades from being executed during a given trading day at a price above or below the daily limit. Once the price of a futures contract has moved to the limit price, it may be difficult, costly or impossible to liquidate a position. Such limits could prevent Rimrock from promptly liquidating unfavorable positions and restrict its ability to exercise or offset commodity options held in a portfolio. In addition, even if futures prices have not moved the daily limit, Rimrock may be unable to execute trades at favorable prices if the liquidity in the market is not adequate. Daily limits have been applicable to bond futures for some time and have recently been imposed on stock index futures. It is also possible for an exchange or the U.S. Commodity Futures Trading Commission (the “CFTC”) to suspend trading in a particular contract, order immediate settlement

of a particular contract or order that trading in a particular contract be conducted for liquidation only.

- (iv) *Position limits.* The CFTC and U.S. commodities exchanges have established limits referred to as “speculative position limits” on the maximum net long or net short speculative positions that any person may hold or control in any particular futures or options contracts traded on U.S. commodities exchanges. All accounts (proprietary or client) owned or managed by Rimrock are combined for position limit purposes. Rimrock could be required to liquidate positions held for a portfolio in order to comply with such limits. Any such liquidation could result in substantial costs to the portfolio.

(cc) Swap Agreements

A portfolio may enter into one or more swap agreements, which obligate one party to make payments to the other party based on the change in the market value of an index or other asset. In return, the other party agrees to make payments to the first party based on the return of another index or asset. Swap agreements entail the risk that a party will default on its payment obligations. Recently, the SEC and the CFTC have issued substantive regulations regarding the clearing, trading and reporting of swaps, which may affect counterparty risk and other risks faced by a portfolio. Although the full effect of current or future regulations remains unclear, it is possible that these regulations may make swaps less desirable. As a result, the portfolio’s investments in swaps may be reduced, and the portfolio’s returns may be negatively impacted.

(dd) Interest-Rate Swaps

Interest-rate swap agreements are used to obtain or preserve a desired return or spread at a lower cost than through a direct investment in an instrument that yields the desired return or spread. Swaps also may protect against changes in the price of securities that an investor anticipates buying or selling at a later date. Swap agreements are two-party contracts entered into primarily by institutional investors for periods ranging from a few weeks to several years. In a standard interest rate swap transaction, two parties agree to exchange their respective commitments to pay fixed or floating rates on a predetermined notional amount. The swap agreement notional amount is the predetermined basis for calculating the obligations that the swap counterparties have agreed to exchange. Under most swap agreements, the obligations of the parties are exchanged on a net basis. The two payment streams are netted out, with each party receiving or paying, as the case may be, only the net amount of the two payments.

Swap agreements are usually entered into at a zero (0) net market value of the swap agreement commitments. The market values of the underlying commitments will change over time resulting in one of the commitments being worth more than the other and the net market value creating a risk exposure for one counterparty to the other.

Swap agreements may include embedded interest-rate caps, floor and collars. In interest-rate cap transactions, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or cap. Interest-rate floor transactions require one party, in exchange for a premium to agree to make payments to the other to the extent that interest rates fall below a specified level, or floor. In interest-rate collar transactions, one party sells a cap and purchases a floor, or vice versa, in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels or collar amounts.

Swap agreements are traded in the over-the-counter market and may be considered to be illiquid. If there is a default by the other party to such a transaction, a portfolio will have to rely on its contractual remedies (which may be limited by bankruptcy, insolvency or similar laws) pursuant to the agreements related to the transaction. In certain circumstances, a portfolio may seek to minimize counterparty risk by requiring the counterparty to post collateral.

(ee) Securities Lending and Borrowing Involve Insolvency and Credit Risks

A portfolio may lend securities to securities brokers and other institutions, or borrow securities from securities brokers or other institutions to effect short sales. If the other party becomes insolvent or bankrupt, the portfolio could experience delays and costs in recovering payment or the securities. If, in the meantime, the value of securities changes, the portfolio could suffer more losses.

(ff) Concentration of Investments

Most of Rimrock's investment management agreements impose no limits on the concentration of a portfolio's investments in particular countries, regions, securities, industries or sectors, and at times, a portfolio expects to hold a relatively small number of securities positions, each representing a relatively large portion of the portfolio's capital. Losses incurred in those positions could have a material adverse effect on a portfolio's overall financial condition. Each Fund's or Managed Account's investment portfolio (because of size, investment strategy and other considerations) may be confined to the securities of relatively few issuers or industries. Further, each portfolio is not required to maintain any minimum level of capital. As a result of losses or redemptions, each portfolio may not have sufficient funds to diversify its investments.

When investments are concentrated in several relatively large security positions or industries relative to Fund or Managed Account capital, a loss in any one position or a downturn in a sector in which one of the portfolios is invested could materially reduce that portfolio's performance.

(gg) General Investment and Market Risks

For the Private Funds, Rimrock's strategy is designed to accomplish the investment objective independent of the general market direction or volatility. However, there can be no guarantee of the success of that strategy, and a portfolio's activities may be affected by general economic and market conditions, such as interest rates, availability of credit, inflation rates, economic uncertainty, changes in laws, and national and international political circumstances. These factors may affect the level and volatility of securities prices and the liquidity of a portfolio's investments. Unexpected volatility or illiquidity could impair a portfolio's profitability or result in losses.

(hh) Availability and Accuracy of Information

Rimrock will select investments for a portfolio on the basis of information and data derived from firsthand research by Rimrock and, for public companies, filed by the issuers of such securities with the SEC or non-U.S. regulators. Although Rimrock intends to evaluate such information and data as well as seek independent corroboration when Rimrock considers it appropriate and/or reasonably available, in many cases Rimrock will not be in a position to confirm the completeness, genuineness or accuracy of such information and data.

(ii) Limited Liquidity of Certain Portfolio Investments

Under normal circumstances, each Fund or Managed Account will invest in investments that are liquid. However, each Fund or Managed Account is permitted to invest in investments that will be illiquid, either because they are privately purchased and subject to transfer restrictions or because they are thinly traded. Accordingly, each of the Funds or Managed Accounts may not be able to liquidate those investments if the need should arise, and its ability to realize gains, or to avoid losses in periods of rapid market activity, may therefore be affected. In addition, the value assigned to such securities for purposes of determining net profit and net losses may differ substantially from the value the Funds or Managed Accounts are ultimately able to realize.

(jj) Control Positions

Although a portfolio does not do so as a normal investment technique, it may obtain a control position or other substantial position in any public company. Should a portfolio obtain such a position, it may be required to make filings with the SEC, and it may become subject to other regulatory restrictions that could limit the ability of the portfolio to dispose of their holdings at the times and in the manner the portfolio would prefer. Violations of these regulatory requirements could subject a portfolio to significant liabilities.

(kk) High Portfolio Turnover and Recognition of Gains

Each portfolio's investment strategy may result in a short holding period before investments are rolled over into new investments or sold. This will cause the recognition of any investment gains on a more frequent basis than other investment strategies. Therefore, pursuant to certain anti-deferral rules under the Code, taxable investors in a portfolio may have a greater need to pay regular income taxes (out of their own resources or by requesting redemptions) than compared to other investment strategies that are not subject to such anti-deferral regimes.

(ll) Third-Party Litigation

Each portfolio's investment activities subject them to the risks of becoming involved in litigation by third parties. This risk is somewhat greater where such portfolio exercises control of, or significant influence in, a company's direction. The expense of defending against such claims by third parties and paying any amounts pursuant to settlements or judgments would, absent certain conduct by Rimrock, be borne by such portfolio and would reduce net assets and could require Investors to return to such portfolio distributed capital and earnings. Rimrock and others are entitled to be indemnified by a portfolio in connection with such litigation, subject to certain conditions.

2. Certain Risks of Real Estate Investments

(a) Commercial Real Estate Generally

There can be no assurance that the operations of a real estate portfolio will be profitable or that cash from operations will be available for distribution to investors. Because real estate, like many other types of long-term investments, historically has experienced significant fluctuations and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of real property interests. The yields available from equity investments in real estate depend on the amount of income generated and expenses incurred from such investments. Moreover, certain significant expenditures associated with each investment in real estate (such as mortgage payments, if any, real estate taxes, insurance and maintenance



costs) are generally not reduced when circumstances cause a reduction in income from the investment. If investments do not generate revenues sufficient to meet operating expenses, including debt service and capital expenditures, cash flow and ability to make distributions to its investors will be adversely affected. An investment's revenues and value may be adversely affected by a number of factors beyond Rimrock's control, including:

- the national and local economic climate;
- changes in supply of and demand for competing properties in an area (as a result, for instance, of overbuilding);
- changes in real property tax rates, changes in interest rates and the availability of mortgage funds which may render the sale or refinancing of properties difficult or impracticable;
- the financial resources of tenants;
- changes in building, environmental and other laws or changes in government regulations (such as rent control);
- contingent liabilities on disposition of assets;
- the perceptions of prospective residents of the safety, convenience and attractiveness of properties or neighborhoods in which they are located and the quality of local schools and other amenities; and/or
- the ability to provide adequate management, maintenance and insurance.

(b) Real Estate Title

Disputes over ownership of land sometimes occur. In countries such as the United States, title insurance is readily available to cover this risk, though typical exclusions from policies may render them ineffective in certain cases. In countries where title insurance is not readily available, or where the portfolio does not obtain it, a portfolio could rely on opinions of title from lawyers or other professionals, which may prove inaccurate. Furthermore, in some jurisdictions, certain social groups may have claims against property that otherwise appears to be properly entitled in the real estate registries, which may encumber title of property acquired by the portfolio or its investments. In other jurisdictions, the real estate registry commonly does not reflect the true holder of the real estate title, which complicates title research and may result in title problems. Finally, in some jurisdictions, a purchase of real property can be attacked as not meeting "true sale" requirements and recharacterized as secured financing in the event the seller becomes insolvent. If any of these events occurs in relation to any of a portfolio's interests or properties, the portfolio could lose certain of its rights in relation thereto.

(c) Long Term Investment

Investment in a real estate portfolio requires a long-term commitment with no certainty of return. The portfolio may invest in real estate-related assets and businesses that are experiencing or are expected to experience severe financial difficulties that may never be overcome. There may be little or no near-term cash flow available to investors. Because the portfolio may only make a limited number of investments and because many of the investments may involve a high degree of risk, poor performance by a few of the investments could severely affect the total returns. Investors will not have an opportunity to evaluate specific assets prior to investing.

(d) Investments in the Retail Industry

A portfolio's retail real estate investments could be materially and adversely affected by conditions that materially and adversely affect the retail environment generally, including, without limitation:

- levels of consumer spending, changes in consumer confidence, income levels, and fluctuations in seasonal spending in the United States and internationally;
- consumers avoiding traveling for shopping due to a heightened level of concern for safety in public places in light of the COVID-19 pandemic as well as the recent increase in civil unrest, including random acts of violence and riots;
- significant reductions in international travel and tourism, resulting in fewer international retail consumers;
- competition from e-commerce;
- consumer perceptions of the convenience and attractiveness of the properties;
- the impact on the portfolio's retail tenants and demand for retail space at its properties from the increasing use of the Internet by retailers and consumers, which has accelerated during the COVID-19 pandemic;
- the creditworthiness of retail tenants and the availability of new creditworthy tenants and the related impact on occupancy levels and lease income;
- local real estate conditions, such as an oversupply of, or reduction in demand for, retail space or retail goods, decreases in rental rates and declines in real estate values; and
- the willingness of retailers to lease space in the portfolio's properties at attractive rents, or at all.

In addition, investments in commercial real estate properties often involve a greater degree of financial and credit risk than residential real estate. Collection of rent is often dependent on the success of the tenant's underlying business and its ability to generate a positive cash flow sufficient to service rent payments.

(e) Competition

The activity of identifying, completing and realizing attractive real estate investments is highly competitive and involves a high degree of uncertainty. The acquisition of investments may be based on competitive bidding, and other competitors for the acquisition, redevelopment and development of properties, including REITs, insurance companies, pension funds, partnerships, investment companies and real estate investment funds, may have greater economic and personnel resources than those available to the portfolio or better relationships with sellers of the investments, lenders and others, thereby putting the portfolio at a competitive disadvantage. These entities, because of their resources, may also generally be able to accept more risk than the portfolio prudently can manage. This competition may generally reduce the number of suitable prospective Investments offered to the portfolio and increase the prices for properties of the type the portfolio would likely pursue. As a result, the portfolio may not be able, or have the opportunity, to make suitable investments on favorable terms, which could have an adverse effect on results of operations and hinder the portfolio's growth rate. There can be no assurance that the portfolio will be able to locate, complete and exit investments which satisfy the portfolio's rate of return objectives, or realize upon their values, or that the portfolio will be able to fully invest committed capital.

(f) Liquidity Considerations

The real estate investments to be made by a portfolio are likely to be illiquid. Dispositions of such investments also may be subject to limitations on transfer or other restrictions that would interfere with the subsequent sale of such investments or adversely affect the terms that could be obtained upon any

disposition thereof. In addition, the portfolio may invest in certain types of securities of privately held companies for which there is no public market. A portfolio will generally not be able to sell these securities unless such securities are registered under applicable securities laws or unless an exemption from such registration requirements is available. In some cases, the portfolio may be prohibited by contract from selling securities for a period of time. There is also the risk that the portfolio will be unable to dispose of such securities at attractive prices or otherwise execute a successful exit strategy. Real estate can be difficult to sell, especially if local market conditions are poor. Such illiquidity may limit the ability of the portfolio to vary its investments promptly in response to changes in economic or other conditions and limit near-term cash flow available for distribution to its investors. No assurances can be given that the fair market value of any investments acquired will not decrease during the term of the portfolio.

(g) Valuation

The market value of real estate investments will generally fluctuate with, among other things, general economic conditions, world political events, developments or trends in any particular security, and the conditions of financial markets.

Most commercial real estate investments will have no, or limited, liquid market. The fair value of such investments may not be readily determinable. A portfolio will value these investments periodically at fair value as determined by Rimrock or an affiliate. The valuations used for a substantial portion of a portfolio's investments may therefore not reflect the most recently available market information. The types of factors that may be considered in fair value pricing of investments include discounted cash flows, prevailing market conditions with respect to the location of the property investment, similar property sales, and other relevant factors. Because such valuations are inherently uncertain, they may fluctuate over short periods of time and may be based on estimates. The determination of fair value may differ materially from the actual results obtainable in an arm's length sale to a third party. A portfolio's financial condition and results of operations could be adversely affected if its fair value determinations were materially higher than the values that the portfolio ultimately realizes upon the sale of such investments.

(h) Troubled Origination

A portfolio may make significant investments in non-performing or other troubled assets that involve a high degree of financial risk and are experiencing or are expected to experience severe financial difficulties, which may never be overcome. These investments in certain instances may have been originated by financial institutions that are insolvent, in serious financial difficulty or no longer in existence. As a result, the standards by which such investments were originated, the recourse to the selling institution or the standards by which such investments are being serviced or operated may be adversely affected. Further, investments in properties operating under the close supervision of a mortgage lender are, in certain circumstances, subject to certain additional potential liabilities that may exceed the value of the portfolio's original investment therein. For example, under certain circumstances, lenders who have inappropriately exercised control of the management and policies of a debtor may have their claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions.

(i) Investments in Real Estate Debt Positions

A portfolio may acquire on a selective basis sub-performing or non-performing debt interests and may acquire performing interests that become sub-performing or non-performing in the future. Some of these investments may be made with a goal of "loan-to-own." Investment in real estate debt generally carries with it many if not most of the risks associated with direct real estate investment. Notwithstanding that Rimrock or an affiliate will be responsible for the oversight and management of these investments, the collateral for debt investments may be mismanaged or otherwise decline in value. There exists the risk that re-financing will not be available for assets serving as collateral for debt acquired by the portfolio. Moreover, the responsibility for the management and operation of some of investments may be delegated to a third party and therefore investments may be adversely affected. Further, investments operating under the close supervision of a mortgage lender are, in certain circumstances, subject to certain additional potential liabilities that may exceed the value of a portfolio's original investment therein.

A portfolio may acquire interests in commercial mortgage loans or other financing for investments it owns. Commercial mortgage loans are generally viewed as exposing a lender to a greater risk of loss through delinquency and foreclosure than mortgage loans on owner-occupied single-family residences. The ability of a borrower to repay a loan secured by commercial property typically depends primarily upon the successful operation and the operating income of that property (i.e., the ability of tenants to make lease payments, the ability of a property to attract and retain tenants, and the ability of the owner to maintain the property, control operating expenses and comply with applicable zoning and other laws), rather than depending upon the existence of independent income or assets of the borrower. Most commercial mortgage loans provide recourse only to the mortgaged property, and not against the borrower's other assets or personal guarantees.

There is a significant risk that a portfolio may experience losses on its debt investments because of defaults by the applicable borrowers. The factors that may result in borrower defaults and losses on investments include (i) adverse changes in economic and real estate market conditions generally and in the sectors and geographic locations applicable to the specific investment, (ii) the terms and structure of the mortgage loans and (iii) any specific limits on legal and financial recourse upon a default under the terms of the mortgage loans.

Most mortgage loans on owner-occupied single-family residences are fully self-amortizing (meaning that the periodic payments made by the borrower are sufficient over the life of the mortgage to pay all principal as well as interest). By contrast, most commercial mortgage loans do not fully amortize, so that at the maturity of the loan the borrower must repay a substantial principal balance. This loan feature frequently requires the borrower either to sell the property or to refinance the remaining principal balance at or prior to maturity of the mortgage loan. Accordingly, investors in commercial mortgage loans bear the risk that the borrower will be unable to sell, refinance or otherwise generate the funds required to repay the mortgage loan at maturity, thereby increasing the ultimate likelihood of a default on the borrower's obligation. Such a default may be more likely if the value of the encumbered real estate has declined in value or if market rates of interest have significantly increased.

A portfolio may invest in fixed-and floating-rate loans on its real estate investments. Floating rate loan investments would expose the portfolio to the risk of lower cash flow in the event that interest rates decrease

from the date of investment. Fixed rate debt investments would expose the portfolio to the risk of value deterioration in the event of interest rate increases. Debt investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions which, in each case, could result in the issuer repaying the principal on an obligation held by a portfolio earlier than expected, resulting in a lower return than projected. If market interest rates decline, it is likely that borrowers will seek to repay their loans prior to stated maturity in order to refinance at lower rates. If that happens, then, except as protected by any yield maintenance provisions, the portfolio will lose the benefit of the above-market interest rate payments it otherwise would receive on the repaid loans. In addition, certain of the mortgage loans in which a portfolio invests may be structured so that all or a substantial portion of the principal will not be paid until maturity, which increases the risk of default at that time.

Moreover, in certain situations, because Rimrock or an affiliate may, in the exercise of remedies or rights under loan documents, obtain contractual rights to participate in or to influence the management of properties by borrowers, the likelihood is increased that a borrower may claim that a portfolio interfered with the borrower's business, acted in bad faith in exercising its management rights or otherwise acted in a manner giving rise to a claim for lender liability. The exercise of rights or remedies may not be led or controlled by Rimrock or an affiliate, but may be led or controlled by a holder of a different debt position who may have interests that are in conflict with the interests of the portfolio. As a lender, a portfolio may also be subject to penalties for violations of state usury limitations, which penalties may be triggered by contracting for, charging or receiving usurious interest.

In the event of default and the exhaustion of any equity support, reserve fund or letter of credit support, a portfolio might not be able to recover all of its investment in the debt obligations purchased. Investments in loans may involve workout negotiations, restructuring and the possibility of foreclosure. Even if a restructuring were successfully accomplished, however, there exist the risks of a substantial reduction in the interest rate and a substantial write-down of the principal of such loans. It is possible that Rimrock or an affiliate may find it necessary or desirable to foreclose on collateral securing one or more real estate loans purchased by a portfolio.

(j) Costs of Compliance with ADA and Similar Laws

Under the Americans with Disabilities Act of 1990 (the "ADA"), all places of public accommodation are required to meet certain federal requirements related to access and use by disabled persons. Although a portfolio may intend to acquire investments that are substantially in compliance with the requirements of the ADA, it may incur additional costs of complying with the ADA at the time of acquisition and from time to time in the future to stay in compliance with any changes in the ADA. A number of additional federal, state and local laws exist that also may require modifications to investments, or restrict certain further renovations thereof, with respect to access thereto by disabled persons. Additional legislation may impose further burdens or restrictions on owners with respect to access by disabled persons. The ultimate amount of the cost of compliance with the ADA or such other legislation is not currently ascertainable, and, while such other costs are not expected to have a material effect on a portfolio, such costs could be meaningful.

(k) Insurance May Not Cover All Losses

A portfolio will seek to maintain comprehensive insurance on each of its investments in real property, including general liability, fire, extended coverage and rental loss insurance. It will endeavor to obtain

coverage of the type and in the amount customarily obtained by owners of similar properties. There are certain types of losses, however, generally of a catastrophic nature, including, without limitation, wars, natural disasters, mold, terrorist attacks and other similar events, which may be uninsurable or insurable only at such high rates that to maintain such coverage would cause an adverse impact on the related investment property (or properties). In general, losses related to terrorism are becoming harder and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums, which can greatly increase the total costs of casualty insurance for a property. As a result, not all properties may be insured against terrorism. Inflation, changes in building codes and ordinances, environmental considerations and other factors may also make it infeasible to use insurance proceeds to replace a property (or properties) if it is damaged or destroyed. Under such circumstances, the insurance proceeds received by a portfolio might not be adequate to restore its economic position with respect to the affected properties. If a major uninsured loss occurs, a portfolio could lose both invested capital in and anticipated profits from the affected properties.

(l) Risks of Multi-Step Transactions

In the event that a portfolio chooses to effect a transaction by means of a multi-step acquisition, there can be no assurance that all of such required steps can be successfully consummated. This could possibly result in a portfolio owning a significant real estate investment without having working control over the assets or access to its cash flow to service debt incurred in connection with the acquisition and without being able to dispose of such position at prices equal to or greater than its purchase price.

(m) Bankruptcy Considerations

Investments made in real estate and real estate-related assets operating in workout modes or under applicable bankruptcy laws could, if a portfolio inappropriately exercises control over the management and policies of the debtors, be subordinated or disallowed, and in such circumstances, a portfolio could be liable to third parties. Furthermore, under certain circumstances, payments to a portfolio in respect of such investments, and distributions by a portfolio to its investors, may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment under concepts of applicable bankruptcy laws.

(n) Possible Lack of Diversification

While diversification is an objective of a portfolio, there is no assurance as to the degree of diversification that will actually be achieved in real property investments, either by geographic region or asset type. The portfolio may participate in a limited number of investments and, as a consequence, the aggregate return may be substantially adversely affected by the unfavorable performance of even a single investment. If a portfolio acquires an investment in a single transaction with the intent of refinancing or selling a portion of such investment, there is a risk that the portfolio will be unable to successfully complete such a financing or sale. This could lead to increased risk as a result of the portfolio having an unintended long-term hold for such investment and therefore reduced diversification.

(o) Acquisitions Through Partnerships and Joint Ventures

Instead of purchasing properties directly, a portfolio may invest as a partner or a co-venturer with respect to real property investments. Partnership or joint venture investments may, under certain circumstances, involve risks not otherwise present, including the possibility that the portfolio's partner or co-venturer might become bankrupt or otherwise have financial difficulties that negatively impact an investment or the ability to consummate an investment, that such partner or co-venturer might at any time have economic or other business interests or goals that are inconsistent with the business interests or goals of the portfolio or that such partner or co-venturer may be in a position to take action contrary to the instructions or the requests of the portfolio or contrary to the portfolio's policies or objectives. Such investments may also have the potential risk of impasse on decisions because neither the partner nor the co-venturer would have certain controls over the partnership or joint venture.

(p) Portfolio Acquisition Risks

A portfolio may acquire multiple assets in a single transaction. However, multiple property acquisitions are more complex and expensive than single property acquisitions, and the risk that a multiple property acquisition will not close may be greater than in a single property acquisition. The following are factors that may increase the risks that a portfolio will be subject to in acquiring multiple assets in a single transaction:

- Portfolio acquisitions may result in a portfolio owning assets in geographically dispersed markets placing additional demands on the portfolio's ability to manage such operations.
- A seller may require that a group of assets be purchased as a package, even though one or more of the assets does not meet a portfolio's investment criteria (in such cases, the portfolio may attempt to make a joint bid with another buyer that may default on its obligations, or the portfolio may purchase a group of assets with the intent to dispose subsequently of those assets that do not meet its criteria).

(q) Possible Environmental Liabilities

As is the case with any holder of real estate investments, a portfolio could face meaningful risk of loss from environmental claims based on environmental problems associated with its real property investments. Property owners are subject to potential liabilities under various federal, state and local laws, ordinances and regulations as well as common law principles (collectively, "Environmental Laws"). Among other things, certain Environmental Laws provide that an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property and subject the owner or operator of real property or a facility to claims or liability for the costs of removal or remediation of hazardous substances that are released at, in, on, under, or from real property or a facility. The cost of any required remediation and the owner's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. In addition to claims for cleanup costs, the presence of hazardous substances on or the release of hazardous substances from a property or a facility and persons who arranged for off-site disposal activities could result in a claim by a private party for personal injury or property damage or could result in a claim from a

governmental agency for other damages. Liability under such Environmental Laws can be imposed on the owner or the operator of real property or a facility without regard to fault or even knowledge of the release of hazardous substances and other regulated materials on, at, in, under, or from the property or facility. The presence of hazardous substances in amounts requiring response action or the failure to undertake necessary remediation may adversely affect a portfolio's ability to use or sell real estate or borrow money using such real estate as collateral, which could have an adverse effect on a portfolio's return from such Investment.

(r) Leasing Delays and Tenant Bankruptcies

A portfolio's receipt of income may depend upon the cash flows it derives from lease payments under leases, as well as the cash flows received by the borrowers under the debt instruments held by the portfolio from lease payments under leases. Therefore, the performance of investments will depend upon the ability to lease and re-lease space within the applicable properties and on the various tenants' payment of rent as required under their leases and performance of other lease obligations, such as maintenance of properties, payment of taxes, utilities and other charges and maintenance of insurance. A portfolio will have no control over the actions of any of its tenants and, at any time, any of its tenants may delay lease commencement or renewal, fail to make lease payments when due or declare bankruptcy. Any leasing delays, tenant failures to make lease payments when due or tenant bankruptcies could result in the termination of the tenant's lease and, particularly in the case of a large tenant, material losses to the portfolio, and could harm the portfolio's ability to make distributions to its investors or otherwise operate its business.

If tenants are unable to comply with the terms of a property's leases, a portfolio may be forced to modify lease terms in ways that are unfavorable to it. Alternatively, the failure of a tenant to perform under a lease or to extend a lease upon expiration of its term could require the portfolio to declare a default, repossess the property, find a suitable replacement tenant, operate the property or sell the property. There is no assurance that a portfolio will be able to lease any property on substantially equivalent or better terms than the prior lease, or at all, successfully reposition the property for other uses, successfully operate the property or sell the property on terms that are favorable to the portfolio.

(s) Non-Renewal of Leases

Real estate Investments will be subject to the risks that, upon expiration, leases for space may not be renewed, the space may not be re-leased, or the terms of renewal or re-lease, including the cost of required renovations or concessions, may be less favorable than current lease terms. In the event of any of these circumstances, cash flow from investments and, therefore, the value of an investment in a portfolio, could be adversely affected. These risks may be particularly acute for single-tenant properties.

(t) Fixed and Variable Cost Risks

Many costs associated with a real estate investment, such as debt service and real estate taxes, are not reduced even when a property is not fully occupied, or other circumstances cause a reduction in income from the investment. These fixed costs intensify the risk of a tenant default or an unanticipated delay in achieving occupancy of a new or redeveloped property or re-letting a property upon lease expiration. Some costs associated with a real estate investment, such as maintenance and repairs, may be subject to cost



increases beyond the control of the portfolio. Variable rate debt in a time of rising interest rates could also result in unanticipated cost increases.

(u) Risks of Acquisition, Redevelopment and Development Activities

A portfolio may invest in opportunistic ground-up development projects which generally would have a higher degree of risk when compared to existing income-generating properties. It may also invest in repositioning or redevelopment projects which generally would have a lower risk than a development project, but still has a high risk of cost over runs, slow lease up, or other issues when compared to fully leased income-generating properties. A portfolio will acquire, redevelop, and develop real property investments on a select basis, subject to its investment guideline limitations. There can be no assurance that a portfolio will undertake to acquire, redevelop, or develop any particular site or that it will be able to complete such acquisition, redevelopment or development if it is undertaken. Risks associated with acquisition, redevelopment and development activities include the following:

Acquisition, redevelopment, and development opportunities explored by the portfolio may be abandoned and, as a result, the portfolio may fail to recover expenses already incurred in connection with exploring such opportunities.

- Acquisition, redevelopment, and development costs for an investment, including, without limitation, materials, labor, or other expenses, may exceed original estimates, possibly making the investment uneconomical.
- Zoning, land-use, building, occupancy and other required governmental permits and authorizations may be difficult or impossible to obtain, leading to delays in and / or abandonment of all or a portion of the acquisition, redevelopment, or development of an investment.
- Construction and lease-up may not be completed on schedule, resulting in increased debt service and redevelopment or development costs.
- Leasing costs and tenant improvement costs may exceed expectations and, therefore, adversely affect the operating performance of an investment.
- Construction and permanent financing may not be available on favorable terms.

The occurrence of any of the events described above could result in meaningful unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could adversely affect a portfolio's ability to achieve its projected yields on investments under redevelopment or development and, in turn, could reduce potential distributions to investors. Properties under development or properties acquired for development may distribute little or no cash flow from the date of acquisition through the date of completion of development and may experience operating deficits after the date of completion. In addition, market conditions may change during the course of development that make such development less attractive than at the time it was commenced.

(v) Potential Restrictive Covenants

A portfolio may enter into a credit facility with one or more lenders in order to, among other things, finance the acquisition of its real property investments. It is anticipated that any such credit facility will contain a

number of common covenants that, among other things, might restrict the ability of the portfolio and any subsidiary, if applicable, to: (i) acquire or dispose of assets or businesses; (ii) incur additional indebtedness; (iii) make capital expenditures; (iv) make cash distributions; (v) create liens on assets; (vi) enter into leases, investments or acquisitions; (vii) engage in mergers or consolidations; (viii) make capital calls; (ix) amend certain documents, such as the Partnership Agreement, subscription agreements and any subsidiary's organizational documents, if applicable; or (x) engage in certain transactions with affiliates, and otherwise restrict activities of the portfolio (including its ability to acquire additional investments, businesses or assets, or effect certain changes of control or asset sale transactions) without the consent of the lenders. In addition, such a credit facility may require the portfolio to maintain specified financial ratios and comply with tests, including minimum interest coverage ratios, maximum leverage ratios, minimum net worth and minimum equity capitalization requirements.

(w) Leverage of Real Property Investments

A portfolio may leverage real property investments with non-recourse debt financing. It may also obtain recourse debt financing in select situations such as a completion guarantee for development projects. Although the use of leverage may enhance returns and increase the number of investments that can be made, it may also substantially increase the risk of loss. Additionally, use of leverage on any particular investment will increase the exposure of such investment to adverse economic factors such as rising interest rates, severe economic downturns or deterioration in the condition of the real estate investment or its market. In the event a real estate investment is unable to generate sufficient cash flow to meet its principal and interest payments on its indebtedness, the value of a portfolio's equity investment in such real estate investment could be significantly reduced or even eliminated. Borrowings under a proposed credit facility may be secured, among other things, by the interests of investors in the portfolio and by their obligations to make capital contributions. Any inability of a portfolio to repay such borrowings could enable a lender to take action against the investors.

(x) Financing Risks of Acquisition, Redevelopment and Development Activities

In order to acquire, redevelop and develop investments, a portfolio will need to obtain debt and additional equity financing. The failure to obtain necessary capital on favorable terms could have a material adverse effect on the portfolio's ability to acquire, redevelop and develop investments. Moreover, in the event that the cost of debt or equity financing for new acquisitions, redevelopment and development increases, the increased cost of such financing may result in a lower margin of profit on the Investments than initially contemplated. If market conditions deteriorate, the financial condition of the portfolio may be materially adversely affected.

(y) Risks of Insufficient Cash Flow

A portfolio will be subject to the risks normally associated with debt financing, including the risk that its cash flows may be insufficient to meet required payments of principal and interest. Alternatively, a portfolio's cash flows may be sufficient to satisfy the debt service on its debt financing, but it may not be able to retire the entire outstanding principal at maturity. Therefore, a portfolio may need to refinance at least a portion of its outstanding debt when it matures. There is a risk, however, that a portfolio may not

be able to refinance existing debt or that the terms of any refinancing may not be as favorable as the terms of the existing debt.

(z) Risks of Forfeiture on Default

Many of real property investments will be acquired, redeveloped and/or developed to some extent through borrowings, generally through the use of bank credit facilities, mortgage loans on real estate and other borrowings. Accordingly, if a portfolio cannot satisfy its obligations under the debt instruments, then the unpaid amounts likely will promptly become due and, thus, the portfolio may be required to forfeit the asset serving as collateral for debt secured by the affected asset(s). Forfeiture of an asset upon an event of default under a debt instrument will likely decrease the proceeds from the sale of asset upon foreclosure, thereby decreasing return on investment.

(aa) Rising Interest Rates Will Increase Costs

A portfolio may incur variable rate indebtedness under credit facilities as it portfolio acquires, redevelops and develops investments, as well as for other purposes. Accordingly, increases in interest rates would increase the portfolio's interest costs (to the extent that the related indebtedness was not protected by interest rate protection arrangements), thereby, among other things, decreasing the amount of available funds for distribution to investors. Interest rates are highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond the control of the portfolio.

A portfolio may employ a hedging strategy to limit the effects of changes in interest rates on its operations, including engaging in interest rate swaps, caps, floors and other interest rate exchange contracts. However, there is a cost associated with the use of these types of derivatives to hedge assets and liabilities. Moreover, there is no perfect hedge for any investment, and a hedge may not perform its intended use of offsetting losses on an investment. With respect to certain potential hedge instruments, a portfolio is exposed to the risk that the counterparties with which it trades may cease making markets and quoting prices in such instruments, which may render the portfolio unable to enter into an offsetting transaction with respect to an open position. Consequently, the profitability of the portfolio may be adversely affected during any period as a result of changing interest rates.

(bb) Counterparty Risk

A portfolio will be subject to the risk of the inability of lenders to perform with respect to loan or derivative transactions, whether due to insolvency, bankruptcy or other causes, which could subject the portfolio to substantial losses. In an effort to mitigate such risks, the portfolio will attempt to limit its transactions to counterparties, which are established, well-capitalized, and creditworthy.

(cc) Real Estate Market Conditions

A portfolio's investment strategy may be based, in part, upon the premise that real estate businesses and assets will be available for purchase at prices that Rimrock considers favorable. Further, the portfolio's strategy relies, in part, upon local market recoveries continuing during the term of the portfolio. No

assurance can be given that real estate businesses and assets can be acquired at favorable prices or that the market for such assets will recover or continue to improve, as the case may be, since this will depend, in part, upon events and factors outside the control of the portfolio.

(dd) Economic Downturns

An extraordinary prior market downturn, which began in mid-2008, resulted in tightened credit markets, a dramatic slow-down in property transaction volumes and significant downward pressures on real estate values. These factors made the valuation of real estate investments more difficult. If a similar downturn were to occur in the future, it would cause significant uncertainty in the valuation of, or in the stability of the value of, certain of a portfolio's possible investments. Fair values of such investments as reflected in results of operations may not reflect the prices that a portfolio would obtain if such investments were actually sold. As a result, there can be no assurance that a portfolio will be able to make real estate investments that will generate the returns the portfolio is targeting. A portfolio may also be required to hold illiquid Investments for several years before any disposition can be effected. Prospective investors are urged to take a potential downturn into account in deciding whether or not to make an investment in a portfolio.

(ee) Uncertain Economic, Social and Political Environments

The global economic and political climate can be uncertain. Consumer, corporate, and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic change or unrest. A rapid or significant erosion of confidence likely would result in a deterioration of credit markets and/or lead to or extend a localized or global economic downturn.

(ff) Failure of a Subsidiary REIT to Qualify as a REIT.

A portfolio may create a subsidiary that will operate in a manner that will allow it to qualify as a REIT under the U.S. federal income tax laws. Although the portfolio seeks to qualify it as a REIT, there can be no assurance that the subsidiary REIT will be able to be qualified as such. This is because qualification as a REIT involves the application of highly technical and complex tax provisions for which there are only limited judicial or administrative interpretations and involves the determination of various factual matters and circumstances not entirely within a portfolio's control.

If a subsidiary REIT fails to qualify as a REIT during a year, it will be subject to U.S. federal income tax at regular corporate rates for such year and possibly for the four subsequent years. In this event, the subsidiary REIT would be subject to potentially significant tax liabilities, and the amount of cash available for distribution to shareholders would be reduced and possibly eliminated. Even if the subsidiary REIT qualifies as a REIT, it will be subject to certain U.S. Federal, state and local taxes on its income and property.

(gg) Possible Adverse Effect of REIT Distribution Requirements.

A portfolio with a subsidiary REIT intends to make distributions to its shareholders to comply with REIT distribution requirements, to avoid the nondeductible excise tax and to avoid any U.S. federal income tax liability at the subsidiary REIT level by distributing 100 percent of its taxable income. A subsidiary REIT

will be subject to U.S. federal income tax at regular corporate rates upon its taxable income or capital gain that is not distributed to its shareholders. Differences in timing between the actual receipt of income and the actual payment of expenses and the inclusion of such income and the deduction of such expenses in arriving at the subsidiary REIT's taxable income could leave it insufficient cash to allow it to meet the REIT distribution requirements. A portfolio may borrow funds and take certain other actions, if necessary, in order to ensure its subsidiary REIT's compliance with such distribution requirement. If the IRS were to determine that a subsidiary REIT had failed to comply with the 90 percent distribution requirement for any taxable year, it might be able to correct that failure by paying "deficiency dividends" to its shareholders, as well as interest to the IRS, in a later taxable year. The subsidiary REIT may not have enough cash to pay such "deficiency dividends." Accordingly, the subsidiary REIT could be required to borrow funds or sell assets on unfavorable terms, to maintain its status as a REIT for U.S. federal income tax purposes.

(hh) Income Taxes of Investors May Exceed Cash Distributions

Even if a portfolio has income or gains for U.S. federal tax purposes, the portfolio will not be obliged to make distributions (or may lack sufficient cash available for distributions) to enable the investors to pay their U.S. federal, state and local taxes as a result of such income or gain allocations. In such event, the investors will have to utilize other resources to satisfy tax liabilities and cannot resort to distributions made by the portfolio to assist in satisfying such tax liabilities.

3. Risks Associated with Rimrock's Investment Techniques

Except where expressly prohibited by a portfolio's investment guidelines, a portfolio may trade and invest in all types of securities, including common and preferred stocks, options, warrants, bonds, notes, bills, rights and derivatives. Most of Rimrock's investment management agreements impose no limits on the types of securities or other instruments in which a portfolio may take positions, the choice of sector or sectors within which Rimrock seeks to identify securities, the choice of markets (U.S. or non-U.S.) within which the portfolio may invest, the type of positions they may take, the investment or trading strategies they may use, its ability to borrow or use other types of leverage, or the concentration of each portfolio's investments.

(a) Short Sales

A portfolio may engage in short sales. 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 declines in market prices to the extent such decline exceeds the transaction costs and the costs of borrowing the securities. Because the borrowed securities must be replaced by purchases at market prices in order to close out the short position, any appreciation in the price of the borrowed securities can result in a loss. It may be impossible for a portfolio to borrow securities at the most desirable time to make a short sale, particularly in illiquid securities markets. In addition, rules that prohibit short sales of securities at prices below the last sale price may prevent a portfolio from executing short sales of securities at the most desirable time. If the prices of securities sold short increase, a portfolio may be required to provide additional funds or collateral to maintain the short positions. This could require the portfolio to liquidate other investments to provide additional margin, and those liquidations might not be at favorable prices. In other situations, the lender of securities can request return of the borrowed securities and a portfolio may not be able to borrow those securities from other lenders. This would cause a "buy-in" of the short positions, which may be

disadvantageous to the portfolio. A short sale involves the risk of a theoretically unlimited increase in the market price of the particular investment sold short, which could result in the inability of a portfolio to cover the short position, and of theoretically unlimited potential for loss to the portfolio.

(b) Availability of and Ability to Acquire Suitable Investments

While Rimrock believes that many attractive investments of the type in which a portfolio may invest are currently available and can be identified, there can be no assurance that such investments will be available, or that available investments will meet the portfolio's investment criteria on an ongoing basis. Furthermore, a portfolio may be unable to find a sufficient number of attractive investment opportunities to meet its investment objective.

(c) Availability of Financing and Leverage

For its Private Funds, Rimrock intends to rely heavily on the availability of leverage and other financing sources in order to achieve its investment objectives. There is a risk that any particular leverage provider may cease to provide financing. Other changes in the availability and cost of financing sources, *e.g.*, changes in collateral requirements or a significant rise in short-term rates, may also affect the potential return on a portfolio's investments.

(d) Leverage Risk

A portfolio is authorized to borrow from banks and other financial institutions in order to enhance its investment leverage. A portfolio also may engage in other investment strategies (such as options and derivatives) that will result in leveraging the assets of the portfolio. Loans may be secured by assets of a portfolio pledged to lenders. Leveraging by means of borrowing may exaggerate the effect of any increase or decrease in the value of the assets of a portfolio, and money borrowed will be subject to interest and other costs (which may include commitment fees and/or the cost of maintaining minimum average balances), which may or may not exceed the income received from the instruments purchased with borrowed funds. Similarly, certain investment strategies involving the use of derivatives may have the effect of creating a leveraged transaction. Leverage will increase the risk of an investment in a portfolio, but it also offers the potential for higher returns. Accordingly, any event which adversely affects the value of an investment by a portfolio would be magnified to the extent the portfolio is leveraged. The cumulative effect of the use of leverage by a portfolio in a market that moves adversely to the portfolio's investments could result in a substantial loss to the portfolio which would be greater than if the portfolio were not leveraged.

(e) Basis Risk

Unusual market conditions may arise whereby hedging instruments temporarily diverge from the underlying cash securities. This may have the effect of leaving a portfolio partially unhedged with regard to interest-rate risk for some period of time.

(f) Trading Derivative Instruments Involves Credit Risk

A portfolio may buy and sell derivative securities in "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange-based" markets. This exposes a portfolio to the risk that a counterparty will not settle a transaction in accordance with its terms because the counterparty has a credit or liquidity problem.

Delays in settlement may also result from disputes over the terms of the contract (whether or not bona fide) because such markets may lack the established rules and procedures for settlement of disputes among market participants available in “exchange-based” markets. These problems may cause a portfolio to suffer loss due to adverse market movements while replacement transactions are executed or otherwise. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a portfolio has concentrated its transactions with a single or small group of counterparties.

(g) Derivatives are Difficult to Value

Derivative instruments may be difficult to value accurately. Any error in valuation could adversely affect the investors.

(h) Repurchase Agreements Involve Insolvency and Credit Risks

A portfolio may enter into repurchase agreements, by which it buys a security and simultaneously agrees to sell it back later at a predetermined price, or reverse repurchase agreements, by which a portfolio sells a security and simultaneously agrees to buy it back later at a predetermined price. If the other party to a repurchase or reverse repurchase agreement becomes insolvent or bankrupt, the portfolio may experience delays and incur costs in recovering payment or the securities. If the value of the security purchased changes in the meantime, the portfolio could experience further losses. Repurchase and reverse repurchase agreements can have effects similar to margin trading and other leveraging strategies.

(i) High Brokerage and Other Transactional Expenses

A portfolio’s activities may at times involve a high level of trading (including significant short-term trades) resulting in very high portfolio turnover that may generate substantial transaction costs. These costs will be borne by a portfolio regardless of their profitability. The expenses of a portfolio may be greater than the total fees charged in other comparable investment vehicles.

(j) Disease and Epidemics

The impact of disease and epidemics may have a negative impact on Rimrock clients and their performance and financial positions. Coronavirus, renewed outbreaks of other epidemics or the outbreak of new epidemics could result in health or other government authorities requiring the closure of offices or other businesses and could also result in a general economic decline. For example, such events may adversely impact economic activity through disruption in supply and delivery chains. Moreover, the operations of the Funds, Managed Accounts, or individual holdings could be negatively affected if personnel are quarantined as the result of, or in order to avoid, exposure to a contagious illness. Similarly, travel restrictions or operational issues resulting from the rapid spread of contagious illnesses may have a material adverse effect on business and Fund or Managed Account results of operations. A resulting negative impact on economic fundamentals and consumer confidence may negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on Rimrock clients and their portfolio holdings. The duration of the business disruption and related financial impact caused by a widespread health crisis cannot be reasonably estimated. In December 2019, a novel strain of coronavirus (“Covid-19”) surfaced in Wuhan, China and subsequently spread around the world, with resulting business and social disruption. Covid-19 was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The speed and extent of the spread of Covid-19, and the duration and intensity of resulting business disruption and related financial and social

impact, are uncertain, and such adverse effects may be material. While governmental agencies and private sector participants will seek to mitigate the adverse effects of Covid-19, which may include such measures as heightened sanitary practices, telecommuting, quarantine, curtailment or cessation of travel, and other restrictions, and the medical community is seeking to develop vaccines and other treatment options, the efficacy of such measures is uncertain. The operations and business results of Rimrock clients, including with respect to any particular portfolio investment, could be materially adversely affected. The extent to which Covid-19 (or any other disease or epidemic) impacts business activity or investment results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of a coronavirus and the actions required to contain a coronavirus or treat its impact, among others.

(k) Russia-Ukraine Conflict

The Russian Federation invaded Ukraine on February 24, 2022. Geopolitical tensions have risen significantly in response and the US, the United Kingdom, EU member states, and other countries have imposed economic sanctions on the Russian Federation, parts of Ukraine, as well as various designated parties. As further military conflicts and economic sanctions continue to evolve, it has become increasingly difficult to predict the impact of these events or how long they will last. Depending on direction and timing, the Russian Federation-Ukraine conflict may significantly exacerbate the normal risks associated with a portfolio and result on adverse changes to, among other things: (i) general economic and market conditions; (ii) shipping and transportation costs and supply chain constraints; (iii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iv) demand for investments; (v) available credit in certain markets; (vi) import and export activity from certain markets; and (vii) laws, regulations, treaties, pacts, accords, and governmental policies. Economic and military sanctions related to the Russian Federation-Ukraine conflict, or other conflicts, have the potential to gravely impact markets, global supply and demand, import/export policies, and the availability of labor in certain markets. There is no guarantee that such sanctions and economic actions will abate or that more restrictive measures will not be put in place in the near term. Moreover, it is expected that the Russian Federation-Ukraine military conflict could spark further sanctions and/or military conflicts which will impact other regions. The foregoing could seriously impact each Fund's operations and its ability to realize its investment objectives in a timely manner.

(l) Changing Conditions Could Cause a Portfolio to Suffer Losses

There are innumerable external factors that could impact a portfolio including changes in economic conditions (such as interest rates and inflation rates), industry conditions, governmental regulation, competition, technological developments, political and diplomatic events and trends, the outbreak of war or terrorist acts, changes in tax laws and other factors. Rimrock cannot control any of these conditions.

**Item 9 – Disciplinary Information**

Investment advisers registered with the SEC are required to disclose all material facts regarding any legal or disciplinary events that could be important to a client's evaluation of Rimrock or the integrity of Rimrock's management. Rimrock has been registered and in the business of providing investment advisory services since 2006. Neither our Firm nor any of our associated persons has any reportable disciplinary information.



## **Item 10 – Other Financial Industry Activities and Affiliations**

### ***A. Broker-Dealer Affiliations***

Rimrock is not registered as a broker-dealer nor does Rimrock currently have a pending application to register as a broker-dealer.

Rimrock has entered into a services agreement with Foreside Financial Services, LLC (“Foreside”) for the Private Funds. Foreside is a registered broker-dealer and member of the Financial Industry Regulatory Authority (“FINRA”), established for the purpose of providing marketing and distribution of both private and public funds. Foreside does not trade securities nor provide pricing services to Rimrock. Foreside is not owned by Rimrock. Several Rimrock employees are registered representatives of Foreside, given their focus on marketing Rimrock’s Funds. Foreside is compensated by Rimrock for distribution of Rimrock Private Funds through a flat fee arrangement, consisting of a base fee plus fees per registered representative and per fund.

Rimrock has entered into a services agreement with Ueda Yagi Securities Co., Ltd, (“Ueda Yagi”) a Japanese registered financial services firm located in Tokyo, Japan. Ueda Yagi and Rimrock entered into the agreement in order for Ueda Yagi to perform services such as consulting about business development, translating documents and presentations, as well as arranging meetings with potential Japanese investors for Rimrock Funds. The compensation for Ueda Yagi’s services is paid through a fee sharing arrangement from assets raised in Japan. Rimrock has created additional feeder funds, Rimrock Low Volatility (QP) (JPY) Trust, Rimrock Structured Product (JPY) Trust, and Rimrock High Income PLUS (JPY) Trust, all Yen-denominated feeder funds, for Japanese investors.

### ***B. CPO and CTA Registrations***

Rimrock is a NFA (formerly the National Futures Association) approved member. Rimrock has obtained exemptions from certain regulatory requirements applicable to commodity pools for its master and feeder Private Funds under Regulation 4.7 of the Commodity Exchange Act, as amended (“CEA”). This exemption limits eligible Private Fund investors to Qualified Eligible Persons. Rimrock is registered as a Commodity Trading Advisor (“CTA”) and as a Commodity Pool Operator (“CPO”).

### ***C. Other Financial Industry Affiliations***

Rimrock is organized and serves as the general partner and/or investment adviser of private investment funds, as described under the “Advisory Business” section of this brochure. For Funds where we, or our associated persons, serve as manager, general partner, and/or investment adviser, our Firm makes the Funds available to qualified investors whose investment strategies are consistent with the objectives of the Fund(s). Our Firm does not advise you as to the appropriateness of investing in our Funds and will not receive any compensation for doing so except to the extent that we receive advisory and other fees from the Funds or for selling interests in the Funds.

However, because of the relationship between our Firm and the Funds, a conflict of interest may exist because we have a financial incentive to recommend our Funds. While we believe that compensation charged by the Funds is competitive, such compensation may be higher than fees charged by other investment vehicles providing the same or similar services. You are under no obligation to invest in any of the Rimrock Funds and may obtain comparable services and/or lower fees through other firms.

Rimrock's Principals formed RCM Holdings for the purpose of making collective personal investments, both in Rimrock Funds, as well as certain external investments. Rimrock Principals also have, as external investments, minority interests in Rimrock Real Estate Ventures, Corp. and Vimvi California Corporation, and their respective affiliated firms (collectively, "RREV" and "Vimvi"). The current business of RREV is limited to the management of syndicated commercial real estate acquired prior to January 1, 2021. Vimvi is a real estate brokerage firm headquartered in Pasadena, California. Rimrock reviews these investments for potential conflicts of interest on at least an annual basis.

### **Item 11 – Code of Ethics**

#### *Description of Our Code of Ethics*

We strive to comply with applicable laws and regulations governing our practices. Therefore, our Code of Ethics includes guidelines for professional standards of conduct for our associated persons. Our goal is to protect client and investor interests at all times and to demonstrate our commitment to our fiduciary duties of honesty, good faith, and fair dealing. All of our associated persons are expected to adhere strictly to these guidelines. Our Code of Ethics requires that associated persons submit reports of their personal securities account holdings and transactions to Rimrock's Compliance Department, who reviews these reports on a periodic basis. Associated persons are further required to obtain preapproval for any outside business activities and certain personal securities trades to avoid potential conflicts of interest. Persons associated with our Firm are also required to report any violations of our Code of Ethics.

Additionally, we maintain and enforce written policies reasonably designed to prevent the misuse or dissemination of material, non-public information and confidential information about clients or client account holdings by persons associated with our Firm. Rimrock personnel are permitted to serve as directors of private or public companies whose securities are held by clients. Rimrock also enters into non-disclosure agreements with issuers of securities and receives potential material non-public information from those issuers. If material non-public information is obtained, clients may be prohibited from purchasing or selling securities for a period of time.

Rimrock also places restrictions on gifts and entertainment to avoid potential conflicts of interest that can arise when associated persons accept or give gifts or entertainment. For example, Rimrock prohibits the giving and receipt of cash gifts and requires associated persons to report gifts received from a single source that exceeds a monetary threshold.

Clients or prospective clients, and investors or prospective investors in any of the Funds, may review a complete copy of our Code of Ethics by contacting us at the telephone number on the cover page of this brochure.

#### *Participation or Interest in Client Transactions*

We serve as the investment adviser/general partner to the Funds named in the "Advisory Business" section of this brochure in which you may be solicited to invest. Persons associated with our Firm have significant investments in the Funds. If you are an investor in one or more of the Funds, please refer to the Funds' offering documents for detailed disclosures regarding the Funds. Additionally, individuals associated with our Firm may buy or sell - for their personal accounts - investment products identical to those purchased by the Funds. This practice may create a conflict of interest because we have the ability to trade ahead of the Funds and potentially receive more favorable prices than the Funds will receive or to benefit from the market effect of the Fund's later trades. To eliminate this conflict of interest, it is our policy that neither our associated persons nor we shall have priority over the Funds in the purchase or sale of securities.

### *Personal Trading Practices*

Rimrock recognizes that the personal investment transactions of its employees and members of their immediate families demand the application of a strict code of ethics. Consequently, Rimrock requires that all personal investment transactions be carried out in a manner that will not endanger the interest of any client or create any apparent or actual conflict of interest between Rimrock and its employees, on the one hand, and the client, on the other hand. Thus, Rimrock has adopted the procedures set forth below. All trades for personal accounts must be consistent with recommendations and actions that Rimrock has taken or will take on behalf of its clients and Rimrock's Trade Allocation Policy. Client's interests take precedence over the personal interests of Rimrock and its associated persons. If a potential personal trading conflict arises, Rimrock and the employee must resolve the matter in the client's favor. All trades for personal accounts in individual, publicly traded securities generally must be pre-cleared and must comply with Rimrock's Restricted List. Employee investments in private investment offerings and initial public offerings must also be pre-cleared and are reviewed for potential conflicts. These restrictions are intended to protect both Rimrock and its employees from even the appearance of impropriety with respect to any transactions or securities in an associated person's personal account.

### *Outside Business Activities*

Rimrock personnel are permitted to engage in business activities outside Rimrock, which may create a potential conflict of interest if they cause an associated person to have divided loyalties, requiring choices between that other interest and the interests of Rimrock or Rimrock's clients. Accordingly, all associated persons are required to report and obtain approval, in advance, of prospective outside business activities, including but not limited to serving as an officer or on the board of directors or trustees of any public or private company, other than a not-for-profit organization.

### *Prohibition on Affiliated Loans*

Rimrock prohibits loans from any client to any affiliated person or entity.

### **Item 12 – Brokerage Practices**

Rimrock has been granted the authority to select the broker or dealer through which to place trades on behalf of the Funds through each Fund's organizational documents and client agreements. When executing transactions, we endeavor to select those brokers, dealers or other counterparties which will provide the best services at the lowest prices under the circumstances. Rimrock may consider a broker-dealer's execution capability, commission rates (if applicable) or spreads, the value of research provided (if any), the availability and completeness of information before and after the trade regarding bid/ask spreads or other indications of interest, the availability of fixed income securities with the characteristics sought, availability of repo financing, expertise in particular markets or products, responsiveness, and financial strength and responsibility, among other factors. Rimrock's Evaluation and Pricing Committee is responsible for monitoring client execution.

### *Research and Other Soft Dollar Benefits*

Rimrock currently does not have any soft dollar arrangements, nor do we plan on entering into "soft dollar" arrangements. In effecting its fixed income trading, Rimrock does not generally generate brokerage commissions from client accounts that could be used to obtain research or related brokerage services as defined in Section 28(e) of the Securities Exchange Act of 1934.

From time to time, Rimrock receives unsolicited research from various broker-dealers, who may or may not be counterparties to trades placed on behalf of clients, about particular companies, industries or general economic conditions. Certain broker-dealers will also invite Rimrock employees to attend meetings with representatives of securities issuers or analysts. Although Rimrock may review and consider certain of the research received, and may attend these meetings, Rimrock generally does not take that research or those meetings into consideration in its broker-dealer selection process. Rimrock purchases research and related services using its own resources. For these purposes, “research” means advice, analysis and reports used to provide lawful and appropriate assistance to Rimrock in making investment decisions for its clients.

#### *Brokerage for Client Referrals/Fund Distribution*

Rimrock does not consider in the selection of broker-dealers whether or not Rimrock or a related person receives client referrals from the broker–dealer or a third party. In addition, Rimrock does not consider the promotion or sale of shares issued by any Rimrock managed mutual fund in directing transactions or any transaction-related remuneration, including but not limited to any commission, mark-up, mark-down, or other fee, to a particular broker, dealer, or other counterparty.

#### *Block Trades and Investment Allocation*

Transactions for each client generally will be effected independently, unless we decide to purchase or sell the same security for several clients at approximately the same time. We may, but are not obligated to, aggregate multiple orders for the same security purchased or sold for advisory accounts we manage (this practice is commonly referred to as “block trading”).

As a matter of general Firm policy, clients participating in any block trade will receive an average security price and transaction costs will be shared equally and on a pro rata basis. Rimrock’s obligation is to treat all clients fairly over time, but not necessarily identically. Block trades will generally be allocated on a pro-rata basis, modified to reflect a variety of factors. Factors considered in investment allocation decisions are: (1) client portfolio guidelines and limitations on investments; (2), investment objectives, including risk, return and volatility profiles; (3) portfolio composition and diversification principles; (4) the size, nature and type of investment opportunity; (5) available cash, including cash that becomes available through leverage, subscriptions and expected or potential redemptions; (6) applicable contractual or legal obligations connected with an investment, including transfer or assignment provisions; and (7) other factors as Rimrock, in good faith, deems relevant. Rimrock’s policy prohibits consideration of fee arrangements, or relationships to an employee or principal of Rimrock, in its allocation decisions.

Several of these factors are described in more detail below.

- **Portfolio Guidelines:** The client account may be subject to portfolio guidelines, imposing certain constraints on holdings, including restrictions on the type and size of investment.
- **Portfolio Investment Objectives:** The account’s portfolio investment objectives describe the performance, risk, and/or volatility objectives of the client and may be considered in the allocation process.
- **Portfolio Composition:** Rimrock may allocate securities depending on the current holdings or characteristics of an account or portfolio.
- **Cash Available:** Available free cash is necessary to purchase a security. Investor subscriptions, investor redemptions, principal payments, coupon payments, available leverage, and cash raised or used from purchases or sales of securities will affect cash available for a client to purchase securities.

Modest differences in available cash or leverage among client accounts may cause material differences in client investment performance over time. Differences in client liquidity and availability of redemption opportunities can also cause material differences in investment allocation and performance. For example, illiquid investments are more likely to be allocated to Rimrock Private Funds than to Managed Accounts, given that the Private Funds are subject to investment lockups and have much less frequent opportunities for investor redemptions.

In the event transactions for Rimrock, its employees or principals (“proprietary accounts”), are aggregated with client transactions, conflicts arise and special policies and procedures must be adopted to disclose and address these conflicts. Presently, other than to the extent that Rimrock employees and principals are investors in the Funds, employees and principals do not aggregate orders with clients.

#### *Trade Errors*

In the event a trading error occurs in a client account, our policy is to restore the account to the position it would have been in had the trading error not occurred. Depending on the circumstances, corrective actions may include canceling the trade, adjusting an allocation, and/or reimbursing the account.

#### *Principal Transactions*

It is Rimrock’s policy not to execute principal transactions. Principal transactions are defined as transactions where an adviser, acting as principal for its own account or the account of an affiliate, buys from or sells any security to any advisory client. Rimrock deems any account in which it or its principals own 25% or more of the assets to be a principal account for these purposes.

#### *Agency Cross Trades*

An agency cross transaction is defined as a transaction where a person acts as an investment adviser in relation to a transaction in which the investment adviser, or any person controlled by or under common control with the investment adviser, acts as broker for both the advisory client and for another person on the other side of the transaction.

Rimrock may determine from time to time that it would be in the best interests of its clients to transfer a security from one client account to another (a “cross trade”) for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the accounts, or to reduce transaction costs that may arise in an open market transaction. Because cross trades involve conflicts of interest, any cross trade will be effected only if Rimrock believes it to be in the best interests of all involved accounts and consistent with the investment objectives and policies of such accounts. If Rimrock decides to engage in a cross trade, it will also take steps to ensure that the transaction is consistent with its duty to obtain best execution for each of those accounts. Cross trades may be effected with the assistance of a broker-dealer who executes and books the transaction at the close of the market on the day of the transaction. Alternatively, a cross transaction between two clients may occur as an “internal cross”, where Rimrock instructs the custodian for the accounts to book the transaction at the price determined in accordance with Rimrock’s valuation policy. If Rimrock effects an internal cross, client accounts involved in such cross trades will not pay any mark ups or brokerage commissions in connection with the trades, but may pay customary transfer fees that are assessed through any unaffiliated broker-dealers through which trades are effected.

### **Item 13 – Review of Accounts**

Rimrock has a Chief Risk Officer who monitors trading activity, and the Firm has developed proprietary analytical tools and uses computer systems in order to monitor portfolios. Measures such as duration, spread duration, credit quality, convexity, option adjusted spread, counterparty exposure, leverage, and liquidity are monitored throughout the trading day and reviewed weekly in a Risk Meeting. The weekly Risk Meeting is conducted by the Chief Risk Officer with the Chief Investment Officers and Portfolio Managers. Significant market volatility, material position level changes, or changes on top down outlook may also trigger a review.

The custodian provides investors in the Rimrock Funds a monthly account statement, an annual report including financial statements, and a statement of your capital account as of the end of the fiscal year. In addition, investors may request to receive a monthly performance report, risk report and other detailed portfolio information. The Funds have independent administrators involved in the monitoring of portfolios and reconciliation of cash and positions. Rimrock also uses an independent public accounting firm to conduct annual audits.

Rimrock Managed Accounts receive reports directly from their custodians as well as a monthly risk report from Rimrock. Rimrock monitors and reviews market risks for the Managed Accounts in the same manner as the Funds described above. The custodians for the Managed Accounts are engaged directly by the client and not by Rimrock.

### **Item 14 – Client Referrals and Other Compensation**

#### ***A. Compensation to Rimrock***

Rimrock's revenue from advisory clients is derived solely from management fees and performance fees generated through managing Rimrock Funds and Managed Accounts. Any fees or remuneration that a Rimrock officer or employee may receive in connection with serving as a director or trustee of an issuer held by one or more Rimrock clients must be passed along to such clients, on a pro rata basis.

#### ***B. Compensation by Rimrock***

As part of our efforts to market the interests of the Funds, Rimrock has entered into arrangements to compensate certain third party placement agents or others for referring prospective investors to the Funds as set forth below. We reserve the right to enter into additional, similar arrangements in the future. Although common, such referral arrangements do create a potential conflict of interest because, in theory, the referrer may be motivated, at least partially, by financial gain and not because the Funds are the most suitable to the prospective investor's needs.

As discussed at Item 10 of this Brochure, Rimrock has entered into a services agreement with Foreside for the Private Funds. Foreside is a registered broker-dealer established for the purpose of providing marketing and distribution of both private and public funds. Foreside does not trade securities nor provide pricing services to Rimrock. Foreside is not owned by Rimrock. Several Rimrock employees are registered representatives of Foreside. Foreside is compensated by Rimrock for distribution of the Private Funds through a flat fee arrangement.

Rimrock has entered into a services agreement with Ueda Yagi, a Japanese registered financial services firm located in Tokyo, Japan. Ueda Yagi and Rimrock entered into the agreement in order for Ueda Yagi

to perform services such as consulting about business development, translating documents and presentations, as well as arranging meetings with potential Japanese investors for Rimrock Funds. The compensation for Ueda Yagi's services is paid through a fee sharing arrangement from assets raised in Japan. Rimrock has created additional feeder funds, Rimrock High Income PLUS (JPY) Trust, Rimrock Low Volatility (QP) (JPY) Trust, and Rimrock Structured Product (JPY) Trust, all Yen denominated feeder funds, for Japanese investors.

### **Item 15 – Custody**

An investment adviser who is deemed to have “custody” of client funds or securities is subject to significant reporting and regulatory requirements that are not applicable to an investment adviser who does not have custody. An investment adviser has “custody” of client funds or securities, as defined in Rule 206(4)-2 of the Investment Advisers Act, when it holds “directly or indirectly, client funds or securities or has any authority to obtain possession of them.” Under Rule 206(4)-2, an investment adviser will be deemed to have custody of a client's funds and securities if the client is a partnership for which the investment adviser serves as the client's general partner. An investment adviser also is deemed to have custody under the Rule if the investment adviser has any arrangement under which the investment adviser is authorized or permitted to withdraw client funds or securities (including its fees) directly from the client's account. Accordingly, Rimrock is deemed to have custody of Fund client assets by virtue of the Firm's dual role as investment manager and general partner of the domestic Rimrock Private Funds, the affiliation of an associated person as a director for the offshore Rimrock Private Funds, and Rimrock's ability to cause the deduction of its fees.

Custody of the assets of the Funds is maintained with an independent, qualified custodian selected by Rimrock at our discretion, which selection may change from time to time. The custodian directly provides clients with monthly statements reflecting capital account balances. Additionally, an independent public accountant that is registered with, and subject to, regular inspection by the Public Company Accounting Oversight Board provides an annual audit report that is distributed to clients. We do not maintain physical possession of the funds or securities of any Fund or Managed Account. The qualified custodian is restricted from making payments to us or our affiliates from any account maintained by the custodian on behalf of a Fund unless certain requirements are met.

For Managed Accounts, the client hires an independent custodian for the account. In Rimrock's standard investment management agreement and in any third-party forms used by Rimrock, the Firm allows each client to choose whether to authorize direct billing or to pay for services separately pursuant to invoices provided by Rimrock. In each case where Rimrock bills a client's account directly, through the client's custodian or representative, Rimrock follows established procedures. Rimrock's ability to make disbursements or transfers in connection with Managed Accounts is limited to instances of authorized trading and other circumstances where Rimrock has no discretion as to the timing, amount, or recipient of disbursements or transfers. In addition, Rimrock's authority to give such instructions is limited to “delivery versus payment” conditions, where transfers out of the account occur only upon corresponding transfer of securities or funds into the account. The custodian provides the Managed Account client with monthly account statements.

### **Item 16 – Investment Discretion**

Rimrock has sole and complete discretion to manage the Private Funds' investment portfolios. Rimrock has sole discretion as well to manage Rimrock Managed Accounts, though those portfolios are subject to required regulatory or negotiated investment guidelines. Generally, Rimrock does not accept instructions

from clients with respect to investments by or for their accounts. Managed Account clients can impose reasonable restrictions on investing in certain securities or types of securities. Clients with Managed Accounts can also negotiate other account terms with Rimrock. Rimrock Managed Account restrictions and terms are formalized in advisory agreements with Rimrock. Clients' investment guidelines and restrictions must be provided to and agreed with Rimrock in writing, in the form of an investment management agreement.

### **Item 17 – Voting Client Securities**

#### *Proxy Voting*

Rimrock acts as discretionary investment adviser for the Rimrock Funds and Managed Accounts. Rimrock's current investment strategies are heavily focused on fixed income securities, which rarely afford voting rights. Rimrock occasionally purchases equity securities, and clients may receive equity securities in connection with reorganizations, which may require voting of proxies. Rimrock has adopted policies and procedures to address proxy voting.

Rimrock's authority to vote proxies or act with respect to other corporate actions is established through the delegation of discretionary authority under our investment advisory contracts. Therefore, unless a client specifically reserves the right, in writing, to vote its own proxies or to take actions with respect to other corporate actions requiring shareholder or debtholder approval, Rimrock will vote all proxies and act on all other shareholder or debtholder actions in a timely manner as part of its full discretionary authority over client assets in accordance with its policies and procedures. Corporate actions may include, for example and without limitation, tender offers or exchanges, acquisitions, spin-offs, bankruptcy proceedings, and class actions. When voting proxies or acting with respect to corporate actions for clients, Rimrock's utmost concern, and its policy, is that all decisions be made solely in the best interests of the client. Given Rimrock's focus on fixed income securities, Rimrock generally does not receive many proxies. When a proxy is received, normally the decision on how to vote a particular proxy is made by the portfolio managers for the relevant Fund or Managed Account. Rimrock seeks to identify and disclose any conflicts of interests identified with respect to proxy voting in general and any particular proxy vote. Rimrock seeks to act in a prudent and diligent manner intended to enhance the economic value of the assets of the client's account.

Rimrock will provide to any client or investor in a client account at no cost a copy of its proxy voting policy and information about the way in which proxies have been voted. Requests for such information should be directed to Rimrock's Chief Compliance Officer.

### **Item 18 – Financial Information**

Rimrock, as a registered investment adviser, is required to provide investors with certain financial information or disclosures about Rimrock's financial condition. Rimrock has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

**Additional Items:** Attached below is Rimrock's Privacy Notice.



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## PRIVACY NOTICE

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Maintaining the confidentiality and security of your personal financial information is very important to us at Rimrock Capital Management, LLC (“Rimrock”).

**INFORMATION WE COLLECT.** To provide you with superior service, we may collect several types of nonpublic personal information about you, including:

- Information from forms you fill out and send to us in connection with your investment in one of our funds (such as your name, address, and social security number).
- Information you give us verbally.
- Information you submit to us in correspondence, including emails.
- Information about the amounts you have invested in our funds (such as your initial investment and any additions to and withdrawals from your capital account).
- Information about any bank account you use for transfers between your bank account and your capital account in any of our funds, including information provided when effecting wire transfers.

**INFORMATION WE SHARE.** We do not sell your personal information and we do not disclose it to anyone except as permitted or required by law. For example, we may share information we collect about you with our independent auditors in the course of the annual audit of the fund in which you have an investment. We may share this information with our legal counsel as we deem appropriate and with regulators. Additionally, we may disclose information about you at your request (for example, by sending duplicate account statements to someone you designate), or as otherwise permitted or required by law.

**INFORMATION SECURITY.** Within Rimrock, access to information about you is restricted to those employees who need to know the information to service your account. Rimrock employees are trained to follow our procedures to protect your privacy and are instructed to access information about you only when they have a business reason to obtain it.

### **PRIVACY NOTICE FOR DATA SUBJECTS WHOSE PERSONAL INFORMATION MAY BE COLLECTED IN THE EUROPEAN UNION:**

**EU GENERAL DATA PROTECTION REGULATION (“GDPR”).** With regard to personal information collected in the European Economic Area (EEA), Rimrock lacks an office in any EEA country and offers investment management products and services only to institutional investors in the EEA. However, through its investor subscription forms, websites, emails, and other communications with investors, Rimrock collects and stores personal information on officers, employees, and representatives of entity investors.

Because Rimrock has no established office in the EEA, it must potentially deal with local supervisory authorities in all E.U. states where it has business. In addition, information that we collect may be transferred outside of the EEA, including to countries, such as the United States and the Cayman Islands, which have not been deemed as having “adequate” security measures by the European Commission. Therefore, we have executed or intend to execute Model Clauses in our contracts, pursuant to European

Commission Decision 2010/87/EC, to facilitate the legitimate, secure transfer of personal information outside the EEA as necessary.

**CAYMAN ISLANDS DATA PROTECTION LAW, 2017 (“DPL”).** By virtue of making an investment in a Cayman Islands Fund and your associated interactions with us, you will provide us (including by submitting subscription documents, tax forms and associated documents and in correspondence and discussions with us) certain information that constitutes “personal data” under the DPL.

**PERSONAL INFORMATION.** Personal information that may be collected by us from data subjects in the EEA, and information which constitutes “personal data” under the DPL, includes, without limitation:

- Name
- Address
- Phone Number
- Email Address
- Names of Beneficial Owners
- Tax ID Number
- Place of Birth or Incorporation
- Whether an Investor is an “Accredited Investor” and “Qualified Purchaser”
- Contact Information for Individuals Receiving Duplicate Reports and “Interested Parties.”

**LAWFUL GROUNDS TO PROCESS AND OBTAIN CONSENT.** As a regulated financial services entity, Rimrock is required to collect, review and store private information about investors, clients, and their representatives. Based on our obligations and business needs, we may collect information for a variety of reasons, including, but not limited to, the following:

- Determining whether a prospective investor is eligible to invest in the Fund under applicable law;
- Determining the identity and beneficial ownership of investors and clients to comply with requirements seeking to prevent money laundering, tax evasion, terrorism and violation of foreign sanctions, and identity theft;
- Determining the persons authorized to act on behalf of an investor or client who can give instructions to Rimrock.
- Determining whether an investor or client is subject to specific investment regulations related to a specific type of person or organization (e.g., ERISA plans, governmental entities);
- Communicating with clients and investors about their existing and prospective investments or accounts.

Data subjects whose data is collected in the EEA or whose data is subject to the DPL may withdraw consent at any time where consent is the lawful basis for processing his/her information. However, if a data subject withdraws consent for processing or otherwise objects to processing that impedes Rimrock’s ability to comply with applicable regulations, a data subject may be unable to avail him/herself of the services that Rimrock provides.

Rimrock keeps the above-referenced client and investor information for as long as its relationship with the client or investor continues, and for a minimum of five years after termination.

**DATA SUBJECTS' RIGHTS.** All individuals whose personal information is held by Rimrock have the right to:

- Ask what information Rimrock holds about them and why;
- Ask for a copy of such information or access to such information;
- Be informed how to correct or keep that information up to date;
- Be informed on how Rimrock is meeting its data protection obligations.

Furthermore, for data collected in the EEA, or data which is subject to the DPL, data subjects have the right to:

- Ask for a copy of such information to be sent to a third party;
- Ask for data to be erased if possible and required under the GDPR or the DPL, as applicable;
- Ask for processing of personal information to be restricted if possible and required under GDPR or the DPL, as applicable;
- Object to processing of personal information if possible and required under GDPR or the DPL, as applicable;
- Object to automated decision-making where applicable;
- Contact a supervisory authority in the EEA or the Cayman Islands to lodge a complaint regarding Rimrock's processing of your personal data.

**RESPONSIBILITY.** Rimrock's Chief Compliance Officer (the "CCO") is also Rimrock's Data Protection Officer, responsible for reviewing, maintaining and enforcing these policies and procedures to ensure meeting Rimrock's client privacy goals and objectives while at a minimum ensuring compliance with applicable federal, state, and foreign laws and regulations. The CCO reports directly to Rimrock's Principals and the Board of Directors of the Funds. The CCO is also responsible for distributing these policies and procedures to employees and conducting appropriate employee training to ensure employee adherence to these policies and procedures.

All Supervised Persons are responsible for helping to ensure that investor and client private information is collected, used, stored, and handled in accordance with Rimrock policy.

**PROCEDURE.** Rimrock has adopted these various procedures, applicable to its business practice and those of its affiliates, including each Fund's general partner or directors. These procedures are designed to (1) ensure the confidentiality of customer records and information, (2) protect against any anticipated threats or hazards to the security of customer records and information, and (3) protect against unauthorized access or use of customer records or information that could result in substantial hardship or inconvenience to any consumer.

**NON-DISCLOSURE OF INFORMATION.** Rimrock and its affiliates maintain safeguards to comply with federal and state standards to guard each client's and investor's nonpublic personal information. The Firm does not share any nonpublic personal information with any nonaffiliated third parties, except in the following circumstances:

- As necessary to provide the service that the client or investor (by virtue of subscribing to the Fund's interests) has requested or authorized, or to maintain and service the client's or investor's account;
- As required by regulatory authorities or law enforcement officials who have jurisdiction over Rimrock and its affiliates or as otherwise required by any applicable law; and

- To the extent reasonably necessary to prevent fraud and unauthorized transactions.

Employees are prohibited, either during or after termination of their employment, from disclosing nonpublic personal information to any person or entity outside Rimrock, including family members, except under the circumstances described above. An employee is permitted to disclose nonpublic personal information only to such other employees who need to have access to such information to deliver our services to the client or investor.

**SECURITY AND DISPOSAL OF INFORMATION.** Rimrock restricts access to nonpublic personal information to those employees who need to know such information to provide services to our clients or investors. Any employee who is authorized to have access to nonpublic personal information is required to keep such information in a secure compartment or receptacle on a daily basis as of the close of business each day. All electronic or computer files containing such information shall be secured and protected from access by unauthorized persons. Any conversations involving nonpublic personal information, if appropriate at all, must be conducted by employees in private, and care must be taken to avoid any unauthorized persons overhearing or intercepting such conversations. Electronic and paper records used for business purposes must not be left in places where they are visible to unauthorized persons. Data printouts and files must be disposed of securely when no longer needed.

Safeguarding standards encompass all aspects of Rimrock's business that affect security. This includes not just computer security standards but also such areas as physical security and personnel procedures. Important safeguarding standards the Firm has adopted include:

- Access controls on information systems, including controls to authenticate and permit access only to Supervised Persons and procedural controls to prevent employees from providing client/investor information to unauthorized individuals who may seek to obtain this information through fraudulent means (e.g., requiring employee use of user ID numbers and passwords, etc.);
- Access restrictions at physical locations containing customer information, such as buildings, computer facilities, and records storage facilities to permit access only to authorized individuals (e.g., key card entry system);
- Encryption of electronic customer information, including while in transit or in storage on networks or systems to which unauthorized individuals may have access;
- Monitoring systems and procedures to detect actual and attempted attacks on or intrusions into customer information systems (e.g., data should be auditable for detection of loss and accidental and intentional manipulation);
- Policy to respond as appropriate when the Firm suspects or detects that unauthorized individuals have gained access to customer information systems, including, as appropriate, notifying applicable regulatory and law enforcement agencies;
- Measures to protect against destruction, loss, or damage of customer information due to potential environmental hazards, such as fire and water damage or technological failures (e.g., use of fire resistant storage facilities and vaults; backup and store off site key data to ensure proper recovery); and
- Information systems security should incorporate security of physical facilities and personnel, the use of commercial or in-house services (such as networking services), and contingency planning.

***RIMROCK CONTACT INFORMATION FOR PERSONS LOCATED WITHIN THE EEA.***

*If you are located in the European Economic Area (“EEA”) or Switzerland and have questions or concerns regarding the processing of your personal information, you may contact our EU Representative at:*

[Rimrockcapital@sallbergco.se](mailto:Rimrockcapital@sallbergco.se)

*Or write to us at:*

*Attn: Sällberg & Co*

*Bankgatan 1A, 223 52 Lund, Sweden*

***CONTACT INFORMATION FOR THE CAYMAN ISLANDS OMBUDSMAN***

**Under the DPL, you have the right to complain to the Cayman Islands Ombudsman, who may be contacted by email ([info@ombudsman.ky](mailto:info@ombudsman.ky)), telephone (+1 345 946 6283) or post (PO Box 2252, Grand Cayman KY1-1107, Cayman Islands).**

**CHANGES TO OUR PRIVACY POLICY.** We reserve the right to change our privacy policy in the future, but we will not disclose your nonpublic personal information as required or permitted by law without giving you an opportunity to instruct us not to.

**QUESTIONS.** For questions about our privacy policy, or for additional copies of this notice, please call us at (949) 381-7800 or [ir@rimrockcapital.com](mailto:ir@rimrockcapital.com).