Hedonova

Risk factors statement

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The following risk statement pertains to the operations of Hedonova LLC (the “Company”) conducted through its website and app located at www.hedonova.io (the “Platform”). Investing in alternative investments offered by Hedonova LLC involves various risks. Before making any investment decisions, prospective investors should carefully consider the risks associated with such investments. The following risk statement highlights the key risks involved. The references to "we," "us," and "our" throughout these Risk Factors should be understood as referring to Hedonova LLC in each respective offering. In considering an investment in Hedonova LLC, prospective investors should thoroughly assess the Risk Factors described below. It is important to acknowledge that the following discussion is not intended to provide a comprehensive overview of all risks associated with an investment in Hedonova LLC or the ownership of its shares, membership interests, or partnership interests (referred to collectively as "Shares"). Instead, it aims to highlight certain known or potential risk factors that should be taken into consideration.

The terms used in this document, but not explicitly defined, are incorporated by reference from the Investment Agreement of the applicable Company. The Investment Agreement may be amended, restated, or modified from time to time. Similarly, the limited liability company agreement or other governing document of the Company referred to as the "LLC Agreement," is also incorporated by reference and subject to potential amendments, restatements, or modifications.

Throughout this document, the terms "Members," "Shareholders," and "investors" may be used interchangeably to refer to individuals or entities that have made investments in Hedonova LLC. References to "Hedonova" pertain to Hedonova LLC, the investment company. References to the "Manager" refer to the management entity responsible for the operations of Hedonova LLC.

General risks

The performance of the Company's operations can be influenced by the unforeseeable economic, market, social, and political circumstances that are beyond its control, potentially leading to unfavourable effects on its financial outcomes.

Similar to other businesses, the Company is susceptible to the impact of fluctuations in economic, market, social, and political conditions, both domestically and internationally, as well as governmental regulations. Factors such as inflation, recession, unemployment, fluctuations in interest rates, short-term money supply, terrorism, and various other elements beyond the Company's influence may negatively impact its capacity to generate returns for investors.

Investments inherently carry risk, and it is important to understand and accept the possibility of losing your entire investment before deciding to invest.

All investments involve the potential for loss. None of the information provided on the Platform should be interpreted as a suggestion or endorsement to invest in any securities, including any interest in a particular company. It is highly recommended to seek advice from legal, financial, and tax professionals before making any investment decisions. Furthermore, only invest if you are financially capable of withstanding the risk of losing your entire investment. Past performance is not a reliable indicator of future results, and any historical returns should not be considered predictive of future performance.

The offering materials and associated Risk Factors have been prepared by the Company and have not undergone review by an independent underwriter or broker-dealer.

The Company is solely responsible for the preparation of this Risk Factors Document for each offering on the Platform. They have not been assessed or evaluated by any independent underwriter or broker-dealer.

Alternative investments, as distinct from traditional investment vehicles, often present a unique characteristic of limited liquidity.

Unlike stocks or bonds that are commonly traded on public markets, alternative investments may lack a readily available market for the purchase or sale of their investment holdings. This lack of market liquidity can pose challenges to both investors and companies involved in alternative investments. Investors who wish to exit their investment positions before the designated investment term comes to an end may face difficulties in finding willing buyers or sellers for their investment holdings. Similarly, companies offering alternative investments may encounter challenges when it comes to facilitating liquidity for their investors. The absence of a readily accessible market for alternative investments means that both investors and companies may struggle to find suitable counterparties for completing transactions related to their alternative investment holdings. Unlike the highly liquid and transparent nature of public markets, where investors can swiftly execute trades, alternative investments often operate in a less liquid environment. Consequently, it may take a longer time for investors to find suitable counterparties and complete transactions related to their alternative investment holdings.

The alternative investment industry operates within a framework of regulatory and legal risks that can significantly impact entities such as Hedonova.

Changes in laws, regulations, or government policies at the local, national, or international levels have the potential to affect the investment strategies, operational structure, and overall profitability of the company. Alterations to existing regulations or the introduction of new regulatory measures can require alternative investment firms to adjust their practices, modify investment strategies, or even cease certain activities altogether. Compliance with evolving regulatory frameworks can entail substantial costs, including the need for additional resources, technology upgrades, or compliance personnel. Failure to comply with regulatory requirements can result in penalties, fines, or even legal actions, which may have adverse financial consequences for the company.

The Company acknowledges the presence of regulatory risk pertaining to the definition of accredited investors. Changes in the definition of the term “accredited investors” by U.S. regulatory authorities can have implications for the Company's ability to offer investments to certain individuals and may necessitate adjustments to compliance procedures to ensure adherence to regulatory requirements. The definition of “accredited investors” plays a crucial role in determining the eligibility of individuals to participate in certain investment opportunities. Regulatory authorities, such as securities regulators, may periodically review and revise the criteria for qualifying as an “accredited investor”. Changes to these criteria may include adjustments to income thresholds, net worth requirements, or other qualifying criteria. Potential changes to the definition of “accredited investors” can impact the ability of the Company to offer certain investment opportunities to individuals who may no longer meet the revised criteria. This can limit the pool of eligible investors and affect the Company's ability to raise capital or execute investment strategies as originally intended.

The alternative investment industry, like any other sector, is susceptible to legal disputes and litigation risks.

Participating in legal proceedings, whether as the plaintiff or defendant, can have significant implications for companies operating in this industry. Legal disputes can arise from various sources within the alternative investment industry. These disputes can lead to financial losses, as well as divert valuable resources and management attention away from core business operations. Additionally, legal disputes and litigation that arise via third party disputes and litigation may also financial losses and reputational risk.

Operating within the alternative investment landscape, Hedonova faces a range of operational risks due to the complex and dynamic nature of its business.

Operating risks encompass various aspects of the investment management process and can have significant consequences for investment performance and investor returns. Given the complexity of alternative investments, the process of identifying and selecting suitable investment opportunities requires meticulous analysis and evaluation. However, despite diligent efforts, errors can occur, leading to investments that may underperform or fail to meet expected outcomes. These errors may arise from factors such as flawed investment strategies, incomplete market assessments, or inadequate information during the decision-making process. Investors should be aware of the operational risks associated with alternative investments and take appropriate measures to protect their interests.

Performance risks are inherent in alternative investments, which often involve less traditional asset classes like private equity, real estate, or hedge funds.

Compared to conventional investments such as stocks or bonds, these asset classes may exhibit higher levels of volatility, uncertainty, and risk. It's important to recognize that investment returns in alternative investments can vary significantly and are subject to factors that the Company cannot control.

The performance of alternative investments can be influenced by a multitude of factors, including macroeconomic conditions, market dynamics, regulatory changes, and shifts in investor sentiment. These factors may result in fluctuations in the value of the underlying assets, which can impact the overall performance of the investment. Investors should closely monitor their investments, regularly review performance reports, and stay informed about market trends and developments.

Diversification across different alternative investment strategies or asset classes does not guarantee profits or protect against losses.

Investments made by Hedonova may be concentrated in certain sectors or industries, which can increase the risk of losses if those sectors or industries experience adverse events or poor performance. Diversification functions as a risk mitigation strategy through the dispersion of investments across various assets, strategies, or sectors. However, it should be noted that diversification does not provide an absolute guarantee against losses or comprehensive protection of the portfolio from all risks. Within a diversified portfolio, certain investments may still exhibit underperformance or encounter adverse events that have the potential to adversely impact overall investment returns.

Alternative investments may not be suitable for all investors.

Prospective investors should carefully assess their financial situation, investment objectives, and risk tolerance, and seek professional advice to determine whether alternative investments align with their individual circumstances. Investors are advised to diligently review the offering materials, disclosure documents, and associated risk factors provided by Hedonova. These materials provide crucial information regarding the investment strategy, risk profile, and potential returns, enabling investors to make well-informed decisions regarding suitability.

The Platform relies on technology systems and infrastructure to facilitate investments and provide services to investors.

There is a risk of technical glitches, system failures, or cyber attacks that could disrupt the platform's operations, compromise investor data security, or hinder access to investment information. The risk of encountering technical glitches and system failures introduces the possibility of interruptions or malfunctions within the platform's operations. These disruptions may result in delays, inaccuracies, or failures in the execution of investment transactions, as well as hinder the overall availability and accessibility of investment-related services. Moreover, such technical challenges could impact the accuracy and reliability of investment-related information provided through the platform, potentially leading to erroneous or incomplete data that may influence investment decisions.

The risk of cyber attacks represents a critical concern for the Hedonova Platform and its investors. Cybersecurity threats pose the potential for unauthorized access, data breaches, or the compromise of sensitive investor information. Such incidents can result in financial losses, reputational damage, legal liabilities, and regulatory non-compliance. Moreover, the occurrence of a cyber attack could disrupt the platform's functionality, impede investor transactions, and erode investor confidence in the security of the platform.

While Hedonova endeavours to employ advanced technology and security measures, it is crucial for investors to recognize that technology-related risks cannot be entirely eliminated. Investors should remain vigilant by maintaining the security of their own devices and exercising caution when accessing the Platform.

Engaging in investment activities through the Hedonova platform entails interactions with diverse counterparties, including fellow investors, service providers, and third-party investment opportunities.

Counterparty risk encompasses the possibility of counterparties failing to fulfill their contractual obligations, resulting in non-performance or default. Such failures can include the failure to make required payments, deliver assets or services as agreed, or meet other specified obligations. These instances of non-performance can result in financial losses for investors and disrupt the expected course of investment activities.

Furthermore, inadequate performance by counterparties can impact the overall quality and effectiveness of services provided. Inefficiency or substandard performance by service providers or other counterparties involved in the investment process can hinder the attainment of investment objectives or impede the timely execution of investment transactions. This can have a detrimental effect on investment returns and erode investor confidence in the platform.

Investing through the Hedonova platform may involve concentration in specific investment opportunities, sectors, or geographic regions.

Concentration increases the exposure to risks associated with those particular investments or areas, including economic conditions, market trends, or regulatory changes. Any adverse events or poor performance within these concentrated areas may have a detrimental impact on investment returns.

Concentration risk arises from the lack of diversification across different investment opportunities or areas. When a portfolio is heavily concentrated in specific investments, sectors, or geographic regions, the overall performance of the portfolio becomes more susceptible to factors affecting those concentrated areas. Events such as economic downturns, sector-specific challenges, regulatory shifts, or geopolitical events can disproportionately affect investments within the concentrated areas, potentially resulting in financial losses or reduced returns.

Hedonova recognizes the importance of diversification as a risk management strategy. While investing through the Hedonova Platform, efforts are made to promote diversification across various investment opportunities, sectors, and geographic regions. Diversification aims to spread investments across different assets and areas to help mitigate concentration risks and reduce vulnerability to specific events or conditions. However, diversification does not guarantee profits or completely eliminate risks. Despite efforts to promote diversification, certain investments or areas may still underperform or be subject to adverse events that can affect overall investment returns.

The availability and accuracy of information pertaining to investment opportunities presented on the Hedonova Platform may be subject to variability.

Despite efforts made to provide reliable information, there exists an inherent risk of encountering incomplete or inaccurate data, particularly with regard to private or non-publicly traded investments. Such limitations in accessing comprehensive information may potentially hinder investors' ability to make fully informed investment decisions.

While Hedonova makes its best efforts to provide updated information, the dynamic nature of business activities means that the information presented on the platform may not be up to date at every moment. Business operations and market conditions evolve constantly, and new developments may occur that can impact the accuracy or relevance of the information available. Investors should be aware of the potential for time discrepancies between the real-time business environment and the information provided on the platform. For example, The Asset allocation chart depicts the current asset allocation according to the latest quarterly valuation. The asset allocation is subject to change and may not accurately reflect the exact composition of the fund's holdings.

Alternative investments, being inherently characterised by a higher level of risk, may display greater price volatility when compared to traditional investments.

The performance of alternative investment opportunities accessible through the Hedonova Platform can be influenced by various factors, including prevailing market conditions, industry trends, specific investment strategies employed, or the expertise of fund managers. However, there is no assurance or guarantee that such investments will achieve the desired returns or surpass the performance of traditional investment options.

The unique characteristics and dynamics of alternative investments necessitate careful evaluation by investors. These investments often involve strategies and asset classes that differ from those typically associated with traditional investments such as stocks or bonds. Consequently, alternative investments may be subject to a higher degree of uncertainty and may be more susceptible to the impact of specific market events or trends.

Investors should consider that the performance of alternative investments can be influenced by the expertise and decision-making capabilities of the fund managers responsible for executing the investment strategies. The success of alternative investments may depend on the skill, experience, and judgement of these managers, who are responsible for identifying, analysing, and selecting investment opportunities within the alternative asset space.

Investments in assets such as wine, art, and equipment carry inherent storage risks, as the maintenance of proper storage conditions is crucial for preserving their value.

Assets such as wine, art, and equipment require specific storage conditions to safeguard their integrity and value. Factors such as temperature, humidity, lighting, ventilation, and security measures play a critical role in preserving the quality and condition of these assets over time. Failure to ensure adequate storage facilities or adhere to appropriate storage protocols can result in potential damage, theft, or deterioration of these assets. Inadequate storage practices have the potential to adversely affect the value and liquidity of such assets.

The Company acknowledges the presence of key man risk, which arises from the reliance on the expertise and leadership of key individuals who hold vital roles within the business.

The performance and success of Hedonova LLC, led by CEO Alexander Cavendish and CIO Suman Bannerjee, may be heavily influenced by the knowledge, skills, experience, and relationships of these key individuals. Their expertise and leadership play a significant role in the development and execution of the company's strategies, investment decisions, and overall operations. The loss, unavailability, or departure of these key individuals could have adverse effects on the business, including disruptions, reduced operational efficiency, or a potential decline in the ability to achieve desired investment results. Key man risk encompasses various factors, such as the unique talents and insights possessed by these individuals, their understanding of the alternative investment industry, relationships with investors, and the ability to navigate market conditions effectively. The departure or unavailability of key individuals may result in challenges in maintaining the same level of performance, decision-making, or relationships with investors.

Therefore, Hedonova LLC has implemented a robust business continuity plan that includes strategies for succession planning, knowledge transfer, recruitment and retention, relationship management, and regular review and testing. This plan aims to mitigate key man risk and ensure the organization's ability to maintain the same level of performance, decision-making, and relationships with investors even in the event of key individuals' departure or unavailability.

The Company holds a substantial portion of its assets in emerging market currencies, including the Indian rupee, Indonesian rupiah, Israeli new shekel, Philippine peso, Vietnamese dong, and Chilean peso.

Currency fluctuations can affect the value of these assets when converted into other currencies, resulting in potential gains or losses for investors. Changes in exchange rates between the base currencies and the currencies of the investments held by the Company

can impact the valuation and performance of the assets. Appreciation of the base currency relative to the invested currencies would lead to gains when converting the assets back into the base currency. Conversely, depreciation of the base currency could result in losses upon conversion. To mitigate the currency risk, the Company engages in hedging activities using futures or options. These hedging strategies aim to protect the value of the investments denominated in foreign currencies and minimize the impact of exchange rate movements. The hedging activities come with costs, such as transaction fees and premiums. These costs amount to 1.28% of the total investment value. The effectiveness of the hedging strategies and the impact of these costs on investment returns should be carefully considered by investors.

The following table outlines the currencies and their corresponding percentages, offering insight into the currency distribution of the investments.

Currency	%	Currency	%
USD (United States dollar)	43.23	ILS (Israeli shekel)	4.01
EUR (Euro)	17.03	CLP (Chilean peso)	3.39
INR (Indian rupee)	9.93	PHP (Philippines peso)	2.94
RMB (Chinese yuan)	6.29	Others	13.18

The Company can make no assurance that it will have cash available to make distributions to investors, nor can there be any assurance that distributions will increase in the future.

The Company cannot provide any guarantee that it will have sufficient cash available to make distributions to investors, nor can it ensure that distributions will increase in the future. The timing and amount of any future distribution from the Company to its investors cannot be assured. The Manager will exercise sole discretion in determining the timing and amount of distributions, except for certain tax distributions which may be required. The Company operates within the regulatory framework of the Foreign Account Tax Compliance Act (FATCA) and is required to comply with FATCA regulations, which may have implications for the timing and amount of distributions made to investors. The Company must ensure compliance with FATCA reporting requirements and obligations, which could impact the availability and distribution of funds.

Investors should be aware that the availability and timing of distributions are subject to various factors, including the financial performance of the Company, its investment activities, cash flow generation, and other business considerations. The Company's ability to make distributions may be influenced by market conditions, operational expenses, debt obligations, or other factors that may impact its available cash resources.

The Company may be subject to litigation which could require us to expend funds in our defence, thereby reducing cash available for distribution to investors.

Litigation risks associated with torts, commercial litigation, employment, environmental, or consumer litigation, if settled or resolved against the Company or its officers, directors, shareholders, employees, or other similar persons, could negatively impact the Company’s results of operations or financial condition.

Risks related to foreign country investments

The Company is exposed to specific risks associated with investments located outside the United States, which have the potential to significantly impact the value of an investment.

These risks may have material and adverse effects on the Company's financial condition and results of operations. Investments in international markets entail unique challenges and uncertainties. Factors such as political instability, changes in government policies, economic fluctuations, foreign exchange rate fluctuations, regulatory differences, and legal systems distinct from those in the United States can impact the performance and value of investments made outside the country. The Company's investments located outside the United States are subject to country-specific risks that may not exist or be as prominent in domestic investments.

Political instability, changes in government policies, and geopolitical tensions can affect the investment climate in foreign countries.

Differences in political systems, legal frameworks, and regulatory environments can introduce uncertainties and impact the Company's ability to operate and generate returns. Changes in government policies, including taxation, trade regulations, and industry-specific regulations, may directly affect the Company's investments. Economic fluctuations, currency exchange rate volatility, inflation rates, and changes in market conditions can pose risks to investments in foreign markets. Economic downturns, recessionary cycles, or currency devaluations can impact the value and profitability of investments.

Variations in legal systems, contract enforceability, intellectual property protection, and compliance requirements can create legal and regulatory risks in foreign jurisdictions.

Differences in legal frameworks, corporate governance practices, and dispute resolution mechanisms may affect the Company's ability to protect its rights and enforce contractual obligations. Legal systems vary in their approach to commercial law, contract interpretation, and dispute resolution. Understanding the legal landscape of each foreign jurisdiction is crucial to ensure compliance with local laws and mitigate legal risks. Differences in legal frameworks may require the Company to adapt its business practices, contractual arrangements, and corporate governance structures to align with local legal requirements.

Cultural norms, social attitudes, and local business practices can influence the Company's operations and relationships in foreign markets.

Understanding and adapting to local customs, labor practices, and social dynamics is essential for successful international investments. Cultural differences may present challenges in communication, negotiations, and stakeholder engagement.

The Company acknowledges these country-specific risks and seeks to mitigate them through thorough due diligence, risk assessment, and risk management strategies. Investing in international markets inherently involves uncertainties and challenges that may not be present in domestic investments.

Risks related to equipment financing

Investing in equipment financing entails inherent credit risk, as borrowers may default or fail to make payments as agreed.

The creditworthiness of borrowers, whether individuals or businesses, significantly impacts their ability to fulfil their financial obligations. Various factors, including economic downturns, financial difficulties, or changes in the borrower's circumstances, can increase the likelihood of credit risk.

Credit risk refers to the potential for borrowers to default on their payment obligations or fail to repay the borrowed funds. Borrowers with lower creditworthiness or limited financial stability may encounter challenges in meeting their payment obligations in a timely or complete manner. Economic downturns or adverse events can impair a borrower's ability to generate sufficient cash flow or revenue to fulfill their financial commitments.

Investments in equipment financing are influenced by market conditions and demand for specific types of equipment.

The Company engages in investments in special purpose vehicles (SPVs) that acquire machinery and subsequently lease it to companies. The demand for machinery rentals can fluctuate based on economic conditions, industry trends, and market dynamics. Changes in the business environment, such as a downturn in specific sectors or reduced demand for certain types of machinery, may impact the SPV's ability to secure consistent rental income.

Equipment financing may require ongoing maintenance and repairs. There is a risk that the lessee or borrower may not properly maintain or repair the equipment, leading to reduced performance, increased costs, or the need for replacement.

Machinery assets require regular maintenance, repair, and periodic replacement to ensure their operational efficiency and value. Maintenance costs, potential breakdowns, or rapid asset depreciation can impact the profitability of the investment and the SPV's ability to generate rental income.

The value and condition of the equipment involved in equipment financing transactions are significant considerations.

There exists a risk that the equipment may experience depreciation, become obsolete, or incur damage or loss. These factors have the potential to affect the recoverability of the investment and the ability to recoup the invested capital. Investors should carefully assess the potential risks associated with the assets, including the possibility of depreciation over time, obsolescence due to technological advancements, damage or loss events, and the necessity for maintenance and repairs.

Equipment financing is subject to regulatory and legal requirements.

Changes in these laws and regulations or the introduction of new ones can have an impact on the operations and profitability of equipment financing investments. Non-compliance with applicable regulations may result in penalties, fines, or legal disputes, which can adversely affect investment returns.

The residual value of the equipment represents its estimated worth at the end of the financing period.

The residual value represents the estimated worth of the equipment at the conclusion of the lease or loan term. However, there is a risk that the actual market value of the equipment at the end of the financing period may differ from the projected residual value. Such deviations from the expected residual value may impact the overall returns on the investment.

Market conditions, technological advancements, changes in industry trends, and other factors can influence the actual market value of the equipment upon lease or loan termination. If the actual residual value is lower than anticipated, it may result in decreased proceeds upon equipment disposal or the need for additional financial adjustments. Conversely, if the actual residual value is higher than projected, it may positively impact the overall returns on the investment.

There is a risk that the lessee or borrower may choose to prepay or terminate the financing agreement earlier than expected.

Early termination may lead to the loss of anticipated interest income or fees that were expected to be earned over the remaining financing term. The occurrence of prepayment or early termination can impact the overall investment returns.

Factors such as changes in the lessee's or borrower's business circumstances, financial conditions, or strategic considerations may prompt them to exercise their right to prepay or terminate the financing agreement before the scheduled maturity. Such actions may result in the investor receiving a reduced amount of interest income or fees compared to what was initially projected.

Risks related to litigation finance

Legal disputes can be unpredictable, and there is always a risk that the plaintiff may not succeed in the case.

If the plaintiff does not prevail in the litigation, the litigation finance provider may not be able to recover the funds provided, potentially resulting in a financial loss. The outcome of legal disputes depends on various factors, including the strength of the legal arguments, the evidence presented, court decisions, and the behavior and actions of opposing parties. The inherent uncertainty in the legal system makes it challenging to accurately predict the outcome of any given case. Investors in litigation finance should understand that the success of the litigation and the recovery of funds is contingent upon the successful outcome of the legal proceedings. There is no guarantee of a favorable outcome, and the possibility of the plaintiff losing the case exists.

To mitigate this risk, the Company typically conducts thorough due diligence on potential cases, assessing the merits, legal strategies, and potential risks involved. However, despite these efforts, unexpected outcomes or unforeseen circumstances may arise during the litigation process that can impact the final result.

The Company typically lacks direct control over the legal proceedings or the decision-making process.

The management of the litigation strategy, settlement negotiations, and other critical aspects are typically entrusted to the plaintiff and their legal team. This lack of control represents a significant risk factor for the Company.

Investors should be aware that they assume a passive role in legal proceedings and rely on the plaintiff and their legal representatives to navigate the litigation process, make strategic decisions, and engage in settlement discussions. The outcome of the case and the recovery of funds are contingent upon the actions and decisions made by the plaintiff and their legal team.

The absence of control introduces uncertainties and potential risks for the Company. Factors such as the plaintiff's chosen legal strategy, the strength and merits of the case, the behavior and responses of opposing parties, and the prevailing legal and regulatory framework can significantly impact the outcome and financial returns of the litigation investment.

Legal cases can often take a long time to reach a resolution.

Investing in litigation finance means that the Company's funds may be subject to a prolonged period of illiquidity, potentially spanning several years, until the resolution of the legal case. It is important for investors to be aware that the duration of litigation investments is influenced by various factors, including the complexity of the case, the prevailing legal and regulatory environment, the conduct of the parties involved, and the intricacies of the judicial process. These factors, among others, can contribute to delays in the legal proceedings, thereby extending the investment holding period.

The protracted duration of investments in litigation finance can pose challenges to the Company's financial position. The funds allocated to such investments may become tied up in the litigation, thereby restricting the Company's ability to access those funds for other purposes or alternative investment opportunities. This illiquidity has the potential to impact the Company's cash flow, impede its capacity to meet financial obligations, and restrict its overall financial flexibility.

Investing in litigation finance typically involves focusing on specific legal cases or portfolios of cases.

The inherent concentration of investment in litigation finance increases the vulnerability of the investing entity. Dependency on the outcomes of a limited number of legal cases exposes the entity to substantial risks. The uncertainties inherent in litigation, such as

court decisions, jury verdicts, settlement negotiations, and the complexity of legal issues, render the outcomes of legal proceedings inherently unpredictable. Consequently, an unfavorable outcome in a single case can result in a loss of invested capital and potentially jeopardize the financial viability of the investment as a whole.

The concentration of investment in litigation finance may present challenges with respect to liquidity. Legal proceedings often span an extended period, frequently lasting several years before reaching a final resolution. During this duration, the capital invested may become illiquid, thereby hindering the investing entity's ability to access its funds. Such illiquidity can pose difficulties, particularly if the entity requires immediate access to capital for other purposes or unexpectedly encounters financial needs.

The legal and regulatory framework governing litigation finance exhibits variation among jurisdictions.

Certain jurisdictions may impose limitations, necessitate licensing obligations, or enforce other regulations that could potentially impede the company's capacity to invest or retrieve funds. Alterations to laws or regulations pertaining to litigation finance can introduce supplementary uncertainties and risks. The legal and regulatory landscape surrounding litigation finance is dynamic, and companies operating in this field must remain vigilant and adaptable to changes in the regulatory environment.

Investing in litigation finance involves entering into agreements with litigation finance providers or intermediaries, which exposes the Company to counterparty risk.

This risk arises from the possibility that these counterparties may fail to fulfill their contractual obligations or encounter financial difficulties, thereby potentially causing delays or losses for the Company. The Company relies on litigation finance providers or intermediaries to provide the necessary services related to legal cases. These counterparties may include specialized litigation finance firms, financial institutions, or other entities involved in the litigation finance industry. While engaging with these counterparties is often crucial for accessing capital and expertise in the field, it also introduces inherent risks. Some of these risks include:

Insufficient recovery: There is a risk that the outcome of the legal cases funded by the Company may result in insufficient recovery. This means that the Company may not receive the expected financial returns on its investments, leading to potential losses or reduced profitability.

Dismissal on motion or summary judgment: Legal cases funded by the Company may face the risk of being dismissed early in the litigation process due to a successful motion or summary judgment by the opposing party. If a case is dismissed, it may result in a loss of the invested funds without any chance of recovery.

Loss on appeal: Even if a case is initially successful, there is a risk that the decision may be overturned on appeal. Adverse appellate court rulings can significantly impact the outcome of a case, potentially leading to losses or reduced financial returns for the Company.

Subordination to senior creditors: In some cases, the Company's investment in litigation finance may be subordinate to the claims of senior creditors. If the litigation case is not successful or results in limited recovery, the Company may be placed in a lower priority position to receive funds compared to senior creditors. This could result in reduced or delayed distributions to the Company and its investors.

Assessing the potential value of a legal claim or portfolio of claims can be challenging.

Estimating the likelihood of success, potential damages, and the timing of resolution involves substantial uncertainty. Inaccurate or excessively optimistic valuations can lead to overpayment for investments or expectations of higher returns that may not materialize. Litigation outcomes are influenced by various factors, including the interpretation of laws by judges or juries, the presentation of evidence, legal strategies employed, and the dynamics of the judicial process. It is difficult to precisely determine the probability of success, as it involves subjective judgments and the interplay of multiple unpredictable elements. The calculation of damages in

litigation often involves complex methodologies, including assessments of lost profits, harm to reputation, or quantification of non-economic losses. These calculations can be contentious and subject to varying interpretations by different parties involved. Additionally, the final amount of damages awarded may be influenced by factors such as statutory limits, judicial discretion, or the availability of insurance coverage. Timing also poses challenges in valuation. Legal proceedings can be protracted, lasting several years before reaching a final resolution. Predicting the duration of litigation and the timing of potential payouts is uncertain. Delays can occur due to court backlogs, settlement negotiations, appeals, or unforeseen legal developments. The longer the resolution process takes, the greater the opportunity costs and potential risks for investors.

Exiting an investment in litigation finance can be complex and challenging.

In traditional markets, investors often have the option to sell their investments on secondary markets, where there is a ready pool of buyers and sellers. This liquidity allows investors to exit their positions and access their invested capital relatively easily. However, in the case of litigation finance investments, a similar secondary market does not typically exist. The illiquid nature of litigation finance investments can be attributed to several factors. First, legal cases can be lengthy, often spanning years before reaching a final resolution. During this period, the invested capital remains tied up in legal proceedings, making it challenging to exit the investment and retrieve the funds. Furthermore, the outcome of a legal case is uncertain, and returns may be contingent upon successful resolution or favorable settlements. The timing and amount of potential returns can be unpredictable, further complicating the exit process. It may take considerable time to determine the final outcome, negotiate settlements, and distribute proceeds, thereby impeding the investor's ability to exit the investment promptly. The limited exit options in litigation finance can create challenges for investors seeking to reallocate capital or manage their investment portfolios. In situations where investors require liquidity for other purposes or face unexpected financial needs, the illiquidity of litigation finance investments can hinder their ability to access funds.

Risks related to real estate

Real estate markets can be subject to fluctuations in supply and demand, economic conditions, interest rates, and other factors.

Changes in market conditions can affect property values and rental income, potentially impacting the profitability of real estate investments. One of the primary drivers of market volatility in real estate is the interplay between supply and demand. Changes in the overall demand for real estate, influenced by factors such as population growth, demographic shifts, and economic cycles, can result in variations in property values and rental rates. Similarly, fluctuations in the supply of available properties, influenced by construction activity, government policies, and market dynamics, can impact market conditions and investor returns.

Economic conditions also play a crucial role in real estate market volatility. Factors such as GDP growth, employment levels, inflation rates, and consumer confidence influence the demand for real estate. During economic downturns or periods of uncertainty, demand for properties may decline, resulting in lower prices and reduced rental income. Conversely, during periods of economic expansion, increased demand for real estate can drive up property values and rental rates.

During economic downturns or recessions, real estate markets can experience a decline in property values, increased vacancies, and reduced rental income.

During recessions or periods of economic contraction, demand for real estate typically decreases as potential buyers become more cautious and financing becomes less accessible. This reduced demand, coupled with a surplus of available properties, can lead to downward pressure on property prices. Property owners may experience a decrease in the market value of their assets, which can erode equity and potentially result in negative financial consequences.

Each property has its unique risks, such as location, condition, and potential legal or environmental issues.

The Company focuses on three real estate investment segments – logistic properties like warehouses, commercial properties that house data centers, and vacation rental properties. While warehouses are anticipated to be strong performers in the commercial real estate sector due to the increasing demand for e-commerce, investors should remain mindful of certain risks. Economic downturns can impact consumer spending and e-commerce demand, potentially affecting warehouse occupancy rates and rental income. Market competition and potential oversupply in certain locations can lead to downward pressure on rental rates. Technological disruptions, such as automation, may influence the demand for warehouse space. Regulatory compliance, tenant risk, and location dependency are additional factors to consider. For data centers, technological and infrastructure risks, such as power outages and cyber threats, should be taken into account. Vacation rental properties are subject to market volatility and are reliant on tourism and travel trends.

Real estate investments tend to be relatively illiquid compared to other investment types.

Real estate transactions typically involve longer timeframes and more complex processes. Selling a property may require finding a suitable buyer, negotiating terms, conducting due diligence, and completing legal procedures, which can take a significant amount of time. The supply and demand dynamics of the real estate market, as well as economic conditions, can further affect the liquidity of real estate investments, potentially making it challenging for investors to quickly convert their holdings into cash. Investors in real estate should be prepared for longer holding periods and limited opportunities for immediate liquidity.

Real estate investments are subject to various regulations and legal requirements, including zoning laws, building codes, rental regulations, and property taxes.

Changes in regulations, whether at the local, regional, or national level, can impose additional costs, necessitate modifications to property use, or create compliance challenges that impact the profitability of real estate investments. Legal disputes, such as tenant disputes, contractual disagreements, or property ownership issues, can also arise, leading to potential financial liabilities, delays in projects, or disruptions to rental income.

Owning and managing real estate properties involves responsibilities

Operational aspects introduce risks that can impact the financial performance of the investment. Inefficient property management practices, such as ineffective tenant screening or inadequate maintenance, can result in high vacancy rates, reduced rental income, and increased turnover costs. Tenant disputes, non-payment of rent, or breaches of lease agreements can also lead to financial and legal complications. Unexpected expenses, such as major repairs, renovations, or compliance with regulatory requirements, can strain cash flow and affect profitability.

Inflation can erode the purchasing power of rental income and property values over time.

Rising costs of goods and services can outpace rental income growth, potentially reducing the profitability of real estate investments. Inflation can diminish the real value of rental income received, impacting the investor's overall return on investment. Investing in foreign real estate introduces currency risk. Fluctuations in currency exchange rates can affect the returns when converting rental income or proceeds from the investment back to the investor's home currency. Exchange rate volatility can result in fluctuations in income and capital gains, potentially affecting the investor's overall financial position.

Risks related to investing in startups

Startups are known for their elevated risk of failure.

Startups face numerous challenges and uncertainties, including intense competition, limited resources, evolving market conditions, and the inherent difficulty of establishing a successful business model. Many startups encounter obstacles in scaling their operations, attracting customers, securing funding, or achieving profitability within a reasonable timeframe. These factors contribute to the heightened risk of failure associated with startup investments. Investors in startups should be aware that the potential for substantial returns comes hand-in-hand with significant risks. While some startups may achieve remarkable success, the reality is that a considerable portion of startups will not succeed.

Startups are typically in the early stages of their development, which means they have limited or no track record of financial performance or market success.

Startups often lack the established history of financial statements, revenue streams, and profitability that can provide insights into their past performance and future prospects. This absence of track record makes it challenging for investors to evaluate the startup's ability to generate sustainable revenues, manage costs effectively, and achieve profitability. Without historical data, it is harder to gauge the startup's financial stability, growth potential, and ability to withstand market fluctuations. In addition to financial aspects, startups also have limited or no track record in terms of market acceptance and customer adoption. It can be challenging to determine if their products or services will resonate with the target market and gain traction. Market dynamics, competition, and unforeseen challenges can significantly impact the startup's ability to capture market share and achieve sustained success.

Startups operate in dynamic and rapidly evolving, highly volatile markets.

Market volatility in startup ecosystems can arise from various factors. Shifts in consumer preferences, technological advancements, regulatory changes, or economic fluctuations can create both opportunities and challenges for startups. Rapidly changing market dynamics can disrupt business models, alter demand patterns, or introduce new competitors, making it essential for startups to stay agile and adaptable to survive and thrive. Investor sentiment and availability of funding can contribute to market volatility for startups. During periods of economic uncertainty or market downturns, investor confidence may waver, leading to reduced funding opportunities and increased challenges in securing investment capital. This can impact the growth trajectory and expansion plans of startups.

Investments in startups are often illiquid.

Unlike publicly traded stocks that can be bought or sold on established markets, startup shares often lack a readily available market or established buyer base. As a result, investors may face challenges in selling or realizing returns on their investments in a timely manner.

The illiquidity of startup investments stems from several factors. First, startups are typically in the early stages of their development. They may not have reached a point where they can conduct an initial public offering (IPO) or attract acquisition offers from larger companies. Investors may need to wait for an extended period, often years until an exit event occurs. The valuation of startups can be more subjective and less transparent compared to publicly traded companies. This lack of established market pricing or valuation benchmarks further contributes to the illiquid nature of startup investments.

As startups progress and require additional funding for growth, they often issue new shares, which can result in the dilution of ownership stakes held by existing investors.

Dilution becomes particularly relevant if subsequent funding rounds are conducted at a lower valuation than previous rounds, as it reduces the potential financial gains for early-stage investors. The impact of dilution on early-stage investors is influenced by several factors, including the valuation at which new shares are issued and the terms of the investment. If subsequent funding rounds occur at a higher valuation, the dilution may be mitigated, and early-stage investors may maintain a relatively stable ownership percentage. However, if subsequent funding rounds are conducted at a lower valuation, the dilution effect can be more significant, potentially leading to a reduction in the value of the ownership stake held by early-stage investors.

Startups may not have the same level of transparency and public disclosures as established publicly traded companies.

Startups often lack the same level of transparency and public disclosures as established publicly traded companies, which can create an information asymmetry between the company and individual investors. This means that individual investors may have limited access to accurate and reliable information about a startup's financials, operations, or competitive position, making it challenging to make well-informed investment decisions.

Despite the company's best efforts to provide transparency and facilitate access to relevant information, there may still be limitations on the availability, accuracy, or completeness of the information provided. Investors should exercise caution and conduct their own due diligence to supplement the information provided by the company. Recognizing the inherent challenges of information asymmetry, the company strives to foster an open and transparent communication approach to the extent feasible, enabling investors to make informed investment decisions based on the available information.

Risks related to investing in agricultural businesses

The success of agronomy investments is contingent on numerous external factors beyond the control of the Company or the agriculture businesses themselves.

The success and performance of these investments are closely tied to the influence of external factors, including weather conditions, market demand, regulatory changes, and global trade dynamics. The dependency on these external factors introduces risks that can impact the returns and overall performance of agronomy investments. Weather conditions play a critical role in agriculture, as they directly affect crop growth, livestock health, and overall agricultural productivity. Factors such as rainfall patterns, temperature fluctuations, and extreme weather events can significantly impact yields and the quality of agricultural products. Adverse weather conditions, such as droughts or floods, can result in reduced harvests and financial losses for agronomy investments.

Market demand is a significant external factor that has a direct impact on the performance of agronomy investments.

Consumer preferences and dietary trends play a crucial role in shaping the demand for specific agricultural products. Changes in consumer preferences, driven by factors such as health consciousness, sustainability, convenience, or cultural shifts, can result in shifts in demand for different types of crops or livestock. Evolving dietary trends, such as the increasing demand for plant-based proteins or organic produce, can influence the market demand for specific agricultural products.

Fluctuations in market demand pose challenges for agronomy investments, particularly if there is an oversupply or a decline in demand for the specific crops or livestock being produced. If the market becomes saturated with a particular crop or if demand decreases, it can lead to price declines and lower profitability for agronomy investments. The risk of reduced market demand is particularly relevant when investments are focused on a specific crop or when there is limited diversification in the product portfolio.

Regulatory changes and government policies play a crucial role in shaping the landscape for agronomy investments.

Alterations in agricultural policies, environmental regulations, trade agreements, or subsidies can have a significant impact on the cost structure, profitability, and market access for agricultural businesses. Compliance with regulatory requirements and adapting to changing regulations can pose both challenges and opportunities for agronomy investments. Agricultural policies and regulations vary across jurisdictions and can cover a wide range of aspects, including land use, crop production practices, animal welfare, food safety, and environmental sustainability. Changes in agricultural policies can impact the operational practices and cost structure of agronomy investments. Trade agreements and international policies can significantly impact market access for agricultural products. Tariffs, import/export restrictions, and trade barriers imposed by governments can affect the competitiveness and profitability of agronomy investments, particularly for companies engaged in international trade. Changes in trade policies or trade disputes can disrupt supply chains, alter market dynamics, and create uncertainties for agronomy investments with exposure to global markets.

The valuation of farmland and the profitability of farming operations can be materially affected by changes in government fiscal and monetary policies.

Such changes have the potential to significantly impact the value of the Company's investments and its ability to distribute returns to its Members. Government programs, both direct and indirect, play a role in influencing the income potential of farm operators. These programs encompass various aspects such as marketing initiatives, finance rates, export policies, renewable fuel programs,

insurance policies, and subsidy programs. Positive changes to these programs can have a beneficial impact on crop and livestock prices and enhance the profitability of farming operations. Conversely, negative changes or the elimination of these programs, subsidies, or policies can adversely affect crop and livestock prices and the overall profitability of farming. Such developments can impact the value of the Company's farm investments and its ability to distribute returns to its Members.

Most staple crops can be hedged on the Chicago Mercantile Exchange, however, specialized cultivation like algae and salmon are not easy to hedge.

The CME and other commodity exchanges offer futures and options contracts that allow producers and investors to hedge against price fluctuations in various agricultural commodities. These contracts provide a mechanism for locking in future prices, thereby reducing the exposure to market volatility. For staple crops with well-established futures markets, hedging can be a valuable risk management tool for producers to protect against adverse price movements. However, specialized cultivations like algae and salmon face unique challenges in terms of hedging their production risks. These specialized agricultural sectors often have less-developed or even nonexistent futures markets specific to their products. As a result, hedging opportunities may be limited or not readily available for producers in these sectors. The absence of hedging options in these sectors increases the exposure to price volatility and other risks for producers and investors. Fluctuations in input costs, market demand, or specific production risks associated with these specialized crops can have a direct impact on financial performance and profitability.

Risks related to investing in carbon credits

Investing in carbon credits is subject to regulatory and policy risks.

Investing in carbon credits is subject to regulatory and policy risks. Changes in regulations, such as the introduction of stricter emission reduction targets or modifications to carbon pricing mechanisms, can impact the demand for carbon credits and their market value. Shifts in government policies and international agreements may introduce uncertainties and affect investment returns. Unclear or ambiguous regulations can create compliance challenges for market participants, and inconsistent policies across jurisdictions can lead to fragmented markets and hinder the effectiveness of carbon credit investments. Policy uncertainties and changes in the political landscape can pose risks to investors, making it crucial to closely monitor regulatory developments and adapt investment strategies accordingly.

Carbon credit prices can be subject to significant volatility, influenced by market dynamics, changing demand-supply dynamics, and evolving regulations.

Investor sentiment, market speculation, and shifts in perception about the value of carbon credits can contribute to price fluctuations. This volatility can impact investment valuations and make it challenging to accurately forecast future returns. Rapid changes in market conditions or unexpected events can lead to sharp price movements. Market manipulation and speculation can exacerbate price fluctuations, increasing market risks. Lack of price transparency and information asymmetry can further complicate the assessment of fair value and evaluation of investment opportunities.

Market liquidity is a key consideration when investing in carbon credits.

The carbon credit market can exhibit varying levels of liquidity, depending on the specific jurisdiction and type of credits. Limited liquidity can make it challenging to buy or sell credits when desired, impacting investment exit strategies and the ability to adjust investment positions efficiently. Thin trading volumes can lead to wider bid-ask spreads, resulting in higher transaction costs for investors. Illiquidity may hinder the ability to rebalance portfolios or adjust investment positions promptly.

Investing in carbon credits involves exposure to project risks.

Carbon credits are generated through emission reduction or removal projects, and these projects carry inherent risks that can impact the actual generation of carbon credits and the financial performance of investments. Technical feasibility risks arise from the complexities of implementing emission reduction or removal technologies and practices, which may face technological, operational, or logistical challenges. Project delays can occur due to factors such as permitting issues, construction delays, or unforeseen circumstances, affecting the expected timeline for credit generation and potentially delaying investment returns. Unanticipated costs related to project implementation or operation, such as equipment breakdowns or cost overruns, can impact the financial viability and returns of the investment. Changes in project circumstances, such as shifts in market demand, policy changes, or changes in land-use regulations, can introduce uncertainties and affect the project's financial performance. Dependence on external factors, such as the availability of suitable project sites, access to financing, or cooperation from project stakeholders, can introduce risks that may affect the successful implementation of the project. Risks associated with project selection and management can be magnified in international projects due to factors such as political instability, legal complexities, or differing regulatory frameworks.

Overallocation is a risk in carbon credit markets when the supply of available carbon credits exceeds the demand for offsets.

Risks related to investing in music royalties

The income generated from music royalties can be unpredictable and subject to fluctuations.

It depends on various factors such as streaming and download trends, radio airplay, licensing agreements, and consumer demand. The value of music assets can change over time, impacting the potential returns on investment. The music industry is constantly evolving, and consumer preferences for music can shift rapidly. Changes in technology, platforms, or popular music genres can impact the demand for certain types of music royalties. The Company is investing in retro soundtracks, which carries the risk of not gaining the expected popularity or revival in demand.

Music royalties, being subject to copyright laws and licensing agreements, carry inherent risks associated with legal matters.

There is a potential for legal disputes to arise, including claims of copyright infringement, which could lead to litigation and associated legal costs. Moreover, complications may arise in securing the necessary permissions and licenses for the use of music assets, which could impede the royalty income generated. It is crucial for investors to recognize that violations of copyright laws can have significant consequences. Non-compliance with copyright laws, including unauthorized use or distribution of copyrighted materials, may result in financial penalties, legal liabilities, or the loss of royalty income. The legal landscape surrounding copyright protection is complex, and the interpretation and enforcement of copyright laws can vary across jurisdictions.

Changes in consumer behavior and preferences can significantly impact the demand for certain types of music, genres, or platforms for music consumption.

Technological advancements, streaming services, and digital distribution platforms have transformed the music industry, and shifts in consumer habits can affect the value and income potential of music royalties.

Music royalties often have long-term durations, as the copyrights can extend for several decades.

Investors should be prepared for a long-term commitment and understand that returns may not be realized immediately. The duration of the investment may limit liquidity and the ability to exit the investment quickly. Investing in music royalties requires a long-term perspective, as the value and income generated from the copyrights can span many years. Copyright protection for music can extend for several decades, depending on the jurisdiction and the specific circumstances. Investors should be aware that the returns on their investment may accrue over an extended period, and it may take time to fully realize the potential value of the music royalties.

Risks related to investing in art

Investing in art assets can be associated with liquidity risks.

Unlike traditional financial markets, there is no central exchange for art assets. Exiting investments in art can be time-consuming and dependent on the auction calendars of major auction houses. Finding a buyer willing to pay the desired price can be challenging, potentially resulting in delays or limitations in the ability to liquidate art investments.

The art market is characterized by its opacity, and acquiring reliable sales and provenance data can be challenging.

The limited availability of reliable data in the art market can hinder investors' ability to make well-informed investment decisions. The absence of comprehensive and transparent sales data makes it difficult to accurately assess the market value and potential returns of art assets. Investors may face difficulties in understanding price trends, evaluating market performance, and identifying investment opportunities.

Investing in art assets involves various costs that can have an impact on the overall investment returns.

Art assets require ongoing expenses for their proper maintenance and preservation, including insurance, storage, and conservation. Insurance costs are an essential consideration when investing in art assets, as artworks can be vulnerable to damage, theft, or other unforeseen risks. The cost of insuring art assets typically depends on factors such as the value, condition, and location of the artworks. Insurance premiums are necessary to protect the investment from potential financial losses in the event of damage or loss. These expenses typically cost the Company approximately 0.3% of the purchase price annually, but the actual costs may vary depending on the specific characteristics of the artworks and the prevailing market conditions.

The art market is not immune to market manipulation and the risk of counterfeit artworks.

Market manipulation refers to intentional actions that distort the normal functioning of the market, with the aim of creating artificial demand, manipulating prices, or misleading investors. These practices can lead to misrepresentations of an artwork's true value, impacting the accuracy of pricing and investment decisions. Unethical practices, such as fraudulent sales transactions, artificially inflating prices, or the production and sale of counterfeit artworks, can undermine investor confidence and expose investors to financial risks.

Risks related to investing in wine

Investing in wine assets can be subject to various regulatory restrictions and geopolitical risks.

In the drinks industry, protectionism and anti-globalization sentiments can manifest in the form of tariffs imposed by importing countries. These tariffs, which can be levied on wine imports, have the potential to significantly impact wine prices and, consequently, the profitability of wine investments. Changes in trade policies and shifts in international relations can introduce uncertainties and potentially affect the overall viability and financial outcomes of wine investments. The imposition of tariffs or other trade restrictions on wine imports can distort market dynamics, disrupt supply chains, and influence the profitability of wine investments.

Wine investments are exposed to the risk of breakage and spoilage, which can impact the quality and value of the wine.

Wine bottles are fragile and susceptible to damage during transportation or storage. Mishandling or inadequate storage conditions, such as improper temperature, humidity, or light exposure, can also contribute to spoilage and deterioration of the wine. Professional storage facilities are designed to maintain optimal storage conditions, including temperature control, humidity regulation, and protection against light exposure, reducing the likelihood of breakage and spoilage.

Maintaining proper temperature control is of paramount importance for preserving the quality and integrity of wine investments. Fluctuations in temperature during storage or transportation can have detrimental effects on wine, leading to spoilage or deterioration and ultimately diminishing its value. To mitigate this risk, it is essential to ensure that wine investments are stored and transported under appropriate temperature conditions.

Risks related to our corporate structure

Investors will have limited participation in management.

An investor's investment in the Company is subject to the risks associated with the Company's activities and business operations, and the investors, as Members of the Company, are only permitted to take part in decisions concerning the Company and its policies and operations to a limited extent as provided in the Company's LLC Agreement. The overall management and control over actions by and on behalf of the Company are vested in our Manager, which may amend or revise these policies without a vote of our Members.

Distributions made to the Company's investors may be subject to return obligations as set forth in the Operating Agreement and/or pursuant to applicable law.

As a Member of the Company, an investor may be required to return distributions made to such investor by the Company under certain circumstances, including, without limitation to meet indemnity obligations of the Company under its Operating Agreement, if any. In certain circumstances, applicable law may require a Member of the Company to return previously received distributions and Members may be liable under applicable federal and state bankruptcy or insolvency laws to return a distribution made during the Company's insolvency.

Each Member will bear its portion of Company expenses.

Each Member of the Company will bear its portion of the operating and other expenses of the Company, which shall not extend beyond the amount invested by said Member in the Company. The amount of these expenses could be substantial and will reduce the actual returns realized by the Members on their investment in the Company (and may, in certain circumstances, reduce the amount of capital available to be deployed by the Company in investments). Company expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the ultimate amount of Company expenses could exceed expectations. From time to time, the Manager will be required to decide whether costs and expenses are to be borne by the Company, on the one hand, or the Manager or its affiliates, on the other, and/or whether certain costs and expenses should be allocated between or among one Company, on the one hand, and other Companies or other investment vehicles managed by the Manager or its affiliates, on the other. The Manager will make such judgments notwithstanding its interest in the outcome and reserves the right to make corrective allocations should, based on periodic reviews, it determines that such corrections are necessary or advisable.

The LLC Agreement limits the liability of the Manager, its affiliates, and their personnel.

The LLC Agreement limits the liability of the Manager and its affiliates, the members, managers, officers, employees, and agents of the Manager and its affiliates, and the officers, employees, and agents of the Company will indemnify and defend such parties against certain liabilities. These provisions may work against investors because they restrict the ability of an investor to bring claims for actions or failures to act that might constitute breaches of duty (absent unlawful, fraudulent, or willful misconduct) which could harm the Company's results of operation and thereby reduce investor returns.

Limited access to information.

The Members' rights to information regarding the Company, the Manager, and their respective affiliates, generally will be specified, and in many cases strictly limited, by the LLC Agreement. In particular, it is anticipated that the Manager and its affiliates will obtain

certain types of material information from or relating to the Company's investments that will not be disclosed to Members, including because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of Manager's control. Decisions by the Manager or its affiliates to withhold information may have adverse consequences for the investors in a variety of circumstances.

The interests of the Manager and its affiliates may conflict with those of the Members.

The Manager has substantial authority in determining all actions of the Company. However, the Manager and its affiliates are permitted to take into account their own interest, which may not coincide with the interests of the Company and its Members.

Investing carries inherent risks, and it is important for investors to understand and evaluate these risks before making any investment decisions. It is important for investors to carefully consider these risks, conduct thorough due diligence, and seek professional advice before making any investment. Each investment opportunity may have its specific risks that should be assessed in conjunction with this general risk disclosure. Investors should carefully review all available information, prospectuses, and offering documents, and consult with their legal, financial, and tax advisors to evaluate the suitability of an investment based on their individual circumstances and risk tolerance.