

STATEMENT OF ADDITIONAL INFORMATION

MONACHIL CREDIT INCOME FUND

Class A Shares MONAX
Class I Shares MONIX

Dated December 5, 2022

c/o UMB Fund Services, Inc.
235 West Galena Street
Milwaukee, WI 53212

(855) 552-5520

This Statement of Additional Information (“SAI”) is not a prospectus. This SAI relates to and should be read in conjunction with the prospectus (the “Prospectus”) of the Monachil Credit Income Fund (the “Fund”) dated December 5, 2022, as it may be further amended or supplemented from time to time. A copy of the Prospectus may be obtained without charge by contacting the Fund at the telephone number or address set forth above.

This SAI is not an offer to sell shares of beneficial interest (“Shares”) of the Fund and is not soliciting an offer to buy Shares in any state where the offer or sale is not permitted.

Capitalized terms not otherwise defined herein have the same meaning set forth in the Prospectus.

Shares are distributed by Foreside Financial Services, LLC (“Distributor”) to institutions and financial intermediaries who may distribute Shares to clients and customers (including affiliates and correspondents) of the Fund’s investment adviser, and to clients and customers of other organizations. The Fund’s Prospectus, which is dated December 5, 2022, provides basic information investors should know before investing. This SAI is intended to provide additional information regarding the activities and operations of the Fund and should be read in conjunction with the Prospectus.

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INVESTMENT POLICIES AND PRACTICES

The investment objective of the Fund, as well as the principal investment strategies of the Fund and the principal risks associated with such investment strategies, are set forth in the Prospectus. Certain additional information regarding the investment program of the Fund is set forth below:

Commodity Pool Operators and Commodity Trading Advisors.

The CFTC has adopted regulations that subject registered investment companies and their investment advisers to regulation by the CFTC if the registered investment company invests more than a prescribed level of its liquidation value in futures, options on futures or commodities, swaps, or other financial instruments regulated under the Commodity Exchange Act, as amended (“CEA”) and the rules thereunder (“commodity interests”), or if the Fund markets itself as providing investment exposure to such instruments. The Fund and/or the Investment Manager has claimed an exclusion from commodity pool operator (“CPO”) registration pursuant to CFTC Rule 4.5 with respect to the Fund. To remain eligible for this exclusion, the Fund must comply with certain limitations, including limits on its ability to use any commodity interests and limits on the manner in which the Fund holds out its use of such commodity interests. These limitations may restrict the Fund’s ability to pursue its investment objectives and strategies, increase the costs of implementing its strategies, result in higher expenses for the Fund, and/or adversely affect the Fund’s total return.

Leverage and Borrowing

The Fund intends to add leverage to its portfolio by utilizing borrowings, such as through bank loans or commercial paper and/or other credit facilities. The Fund may also enter into other transactions that may give rise to a form of leverage including, among others, loans of portfolio securities. The Fund may choose to increase or decrease, or eliminate entirely, its use of leverage over time and from time to time based on the Investment Manager’s assessment of the yield curve environment, interest rate trends, market conditions and other factors.

The net proceeds the Fund obtains from leverage utilized will be invested in accordance with the Fund’s investment objective and policies as described in the Prospectus. So long as the rate of return, net of applicable Fund expenses, on the debt obligations and other investments purchased by the Fund exceeds the costs to the Fund of the leverage it utilizes, the investment of the Fund’s assets attributable to leverage will generate more income than will be needed to pay the costs of the leverage. If so, and all other things being equal, the excess may be used to pay higher dividends to Shareholders than if the Fund were not so leveraged.

The Investment Company Act of 1940, as amended (the “Investment Company Act”) generally prohibits the Fund from engaging in most forms of leverage representing indebtedness (including the use of bank loans, loans of portfolio securities, short sales and when-issued, delayed delivery and forward commitment transactions, to the extent that these instruments are not covered as described below) unless immediately after the issuance of the leverage the Fund has satisfied the asset coverage test with respect to senior securities representing indebtedness prescribed by the Investment Company Act; that is, the value of the Fund’s total assets less all liabilities and indebtedness not represented by senior securities (for these purposes, “total net assets”) is at least 300% of the senior securities representing indebtedness (effectively limiting the use of leverage through senior securities representing indebtedness to 33 1/3% of the Fund’s total net assets, including assets attributable to such leverage). In addition, the Fund is not permitted to declare any cash dividend or other distribution on Shares unless, at the time of such declaration, this asset coverage test is satisfied. To the extent that the Fund engages in borrowings, it may prepay a portion of the principal amount of the borrowing to the extent necessary in order to maintain the required asset coverage. Failure to maintain certain asset coverage requirements could result in an event of default.

Under the Investment Company Act, the Fund is not permitted to issue preferred shares unless immediately after such issuance the Fund’s asset coverage is at least 200% of the liquidation value of the outstanding preferred shares (i.e., such liquidation value may not exceed 50% of the Fund’s assets less all liabilities other than borrowings and outstanding preferred shares). In addition, the Fund is not permitted to declare any cash dividend or other distribution on its Shares unless, at the time of such declaration, the

value of the Fund's assets less liabilities other than borrowings and outstanding preferred shares satisfies the above-referenced 200% coverage requirement. If the Fund uses a combination of borrowing (including notes and other securities representing indebtedness) and issuing preferred shares, the minimum asset coverage required would be between 300% and 200% depending on the relative amounts of borrowings and preferred shares.

Leveraging is a speculative technique and there are special risks and costs involved. There is no assurance that the Fund will utilize borrowings, issue preferred shares or utilize any other forms of leverage. If used, there can be no assurance that the Fund's leveraging strategies will be successful or result in a higher yield on your Shares. When leverage is used, the NAV of the Shares and the yield to Shareholders will be more volatile. In addition, interest and other expenses borne by the Fund with respect to its use of borrowings or any other forms of leverage are borne by Shareholders and result in a reduction of the NAV of the Shares.

Certain loans made by the Fund represent advance commitments to extend credit as and when requested by the borrower. These commitments typically are subject to various contingencies and conditions, but nonetheless generally require that the Fund lend monies on short notice. This exposes the Fund to the risk that completing a loan may be required at a time when it is no longer as desirable from a credit or investment perspective as when the original commitment was made. The Fund also must manage its available cash, cash equivalents and borrowings so as to have cash on hand to complete the loan when required. A rule recently adopted by the SEC will require that the Fund reasonably believe, at the time it enters into an unfunded commitment agreement, that it will have sufficient cash and cash equivalents to meet its obligations on these commitments when due. The Fund will consider its overall circumstances when evaluating sufficiency of its cash and cash equivalents for this purpose. For example, the Fund will consider any conditions on its commitments, its reasonable expectations as to when each commitment will be due, other obligations of the Fund (such as the obligation to hold liquid assets during periods when the Fund has offered to repurchase its shares), and the Fund's ability to borrow. The rule recently adopted by the SEC also may limit the Fund's ability to utilize leverage through derivatives and related instruments.

The Fund also may borrow money in order to repurchase its shares or as a temporary measure for extraordinary or emergency purposes, including for the payment of dividends or the settlement of securities transactions which otherwise might require untimely dispositions of portfolio securities held by the Fund.

Illiquid Investments

The Fund intends to invest in illiquid investments. An illiquid investment is a security or other investment that cannot be sold or disposed of within seven days or less in current market conditions without the sale or disposition significantly changing the market value of the investment. Illiquid investments often can be resold only in privately negotiated transactions with a limited number of purchasers or in a public offering registered under the 1933 Act. Considerable delay could be encountered in either event and, unless otherwise contractually provided, the Fund's proceeds upon sale may be reduced by the costs of registration or underwriting discounts. The difficulties and delays associated with such transactions could result in the Fund's inability to realize a favorable price upon disposition of illiquid investments, and at times might make disposition of such securities impossible. In addition, the Fund may be unable to sell other illiquid investments when it desires to do so, resulting in the Fund obtaining a lower price or being required to retain the investment. Illiquid investments generally must be valued at fair value, which is inherently less precise than utilizing market value for liquid investments, and may lead to differences between the price at which a security is valued for determining the Fund's NAV and the price the Fund actually receives upon sale. For the period between the repurchase offer notice and the end of the repurchase period, the Fund must maintain 100% of the repurchase offer amount in liquid assets.

Derivatives and Hedging

While the Investment Manager may, but is not required to, enter into transactions to seek to reduce currency exchange rate and interest rate risks, unanticipated changes in currency exchange rates or interest rates may result in poorer overall investment performance than if the Investment Manager had not engaged in any such hedging transactions. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the portfolio positions being hedged may

vary. Moreover, for a variety of reasons, the Investment Manager may not seek or be able to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Any such imperfect correlation may prevent the Investment Manager from achieving the intended hedge and expose the Fund to risk of loss. In addition, it may not be possible to hedge fully or perfectly against currency fluctuations affecting the value of securities denominated in non-U.S. currencies because the value of those securities is likely to fluctuate as a result of factors not related to currency fluctuations.

Investments in Foreign Companies

A portion of the Fund's investments may be in securities of foreign companies. Investing in foreign companies may expose us to additional risks not typically associated with investing in U.S. companies. These risks include changes in exchange control regulations, political and social instability, expropriation, imposition of foreign taxes, less liquid markets and less available information than is generally the case in the United States, higher transaction costs, less government supervision of exchanges, brokers and issuers, less developed bankruptcy laws, difficulty in enforcing contractual obligations, lack of uniform accounting and auditing standards and greater price volatility. These risks may be more pronounced for portfolio companies located or operating primarily in emerging markets, whose economies, markets and legal systems may be less developed.

Tax Consequences

The Fund's investments in certain securities and transactions described above will potentially be limited by its intention to qualify and be eligible for treatment as a regulated investment company. Prior to the Fund reaching \$60 million in assets, however, the Fund may not satisfy the diversification requirements necessary to qualify as a RIC under the Code and may be subject to entity-level taxation. While the Investment Manager has contractually agreed to absorb the impact of any taxes that would be owed by the Fund due to an inability to qualify as a RIC under Subchapter M of the Code, reimbursement is capped up to a maximum of \$1 million in a tax year for the Fund's first two tax years or periods, subject to extension for future tax years.

In addition, the Fund's utilization of certain investment instruments may alter the amount, timing and character of the Fund's income, and, in turn, of the Fund's distributions to its shareholders, relative to other means of achieving similar investment exposure. In certain circumstances, the Fund may be required to sell assets in order to meet regulated investment company distribution requirements even when investment considerations make such sales otherwise undesirable. For more information concerning these requirements and the taxation of the Fund's investments, see "Tax Matters" below.

FUNDAMENTAL INVESTMENT POLICIES AND RESTRICTIONS

The Fund's fundamental policies, which are listed below, may only be changed by the affirmative vote of a majority of the outstanding voting securities of the Fund. No other policy is a fundamental policy of the Fund, except as expressly stated. At the present time the Shares are the only outstanding voting securities of the Fund. As defined by the Investment Company Act of 1940, as amended (the "Investment Company Act"), the vote of a "majority of the outstanding voting securities of the Fund" means the vote, at an annual or special meeting of the Shareholders of the Fund, duly called, (i) of 67% or more of the Shares represented at such meeting, if the holders of more than 50% of the outstanding Shares are present in person or represented by proxy or (ii) of more than 50% of the outstanding Shares, whichever is less.

The Fund may:

- (1) borrow money and issue senior securities (as defined under the Investment Company Act), except as prohibited under the Investment Company Act, the rules and regulations thereunder (except as permitted by an exemption therefrom), as such statute, rules or regulations may be amended or interpreted by the SEC from time to time.
- (2) underwrite securities issued by other persons, except as prohibited under the Investment Company Act, the rules and regulations thereunder (except as permitted by an exemption therefrom), as such statute, rules or regulations may be amended or interpreted by the SEC from time to time.

- (3) make loans, except as prohibited under the Investment Company Act, the rules and regulations thereunder (except as permitted by an exemption therefrom), as such statute, rules or regulations may be amended or interpreted by the SEC from time to time.
- (4) purchase or sell commodities or real estate, except as prohibited under the Investment Company Act, the rules and regulations thereunder (except as permitted by an exemption therefrom), as such statute, rules or regulations may be amended or interpreted by the SEC from time to time.
- (5) not concentrate investments in a particular industry or group of industries, as concentration is defined under the Investment Company Act, the rules and regulations thereunder or any exemption therefrom, as such statute, rules or regulations may be amended or interpreted from time to time, except that the Fund will concentrate its investments in the consumer finance industry and may invest without limitation in securities issued or guaranteed by the U.S. government, its agencies or instrumentalities and repurchase agreements involving such securities or tax-exempt obligations of state or municipal governments and their political subdivisions.

With respect to these investment restrictions and other policies described in this SAI or the Prospectus, if a percentage restriction is adhered to at the time of an investment or transaction, a later change in percentage resulting from a change in the values of investments or the value of the Fund's total assets, unless otherwise stated, will not constitute a violation of such restriction or policy.

In addition to the above, the Fund has adopted the following additional fundamental policies:

- it will make quarterly repurchase offers for no less than for 5% and not more than 25% (except as permitted by Rule 23c-3) of the shares outstanding at per-class net asset value ("NAV") per share (measured on the repurchase request deadline) less any repurchase fee, unless suspended or postponed in accordance with regulatory requirements;
- each repurchase request deadline will be determined in accordance with Rule 23c-3, as may be amended from time to time. Currently, Rule 23c-3 requires the repurchase request deadline to be no less than 21 and no more than 42 days after the Fund sends a notification to Shareholders of the repurchase offer; and
- each repurchase pricing date will be determined in accordance with Rule 23c-3, as may be amended from time to time. Currently, Rule 23c-3 requires the repurchase pricing date to be no later than the 14th day after a repurchase request deadline, or the next business day if the 14th day is not a business day.

The following descriptions of the Investment Company Act may assist investors in understanding the above policies and restrictions.

Borrowing. The Investment Company Act restricts an investment company from borrowing in excess of 33 1/3% of its total assets (including the amount borrowed, but excluding temporary borrowings not in excess of 5% of its total assets). Transactions that are fully collateralized in a manner that does not involve the prohibited issuance of a "senior security" within the meaning of Section 18(f) of the Investment Company Act, shall not be regarded as borrowings for the purposes of the Fund's investment restriction.

Concentration. The SEC staff has defined concentration as investing 25% or more of an investment company's total assets in any particular industry or group of industries, with certain exceptions such as with respect to investments in obligations issued or guaranteed by the U.S. Government or its agencies and instrumentalities, or tax-exempt obligations of state or municipal governments and their political subdivisions. For purposes of the Fund's concentration policy, the Fund may classify and re-classify companies in a particular industry and define and re-define industries in any reasonable manner, consistent with SEC guidance. The Fund will consider the holdings of underlying funds in which it invests when determining compliance with its concentration policy to the extent information regarding the holdings of such underlying funds is available to the Investment Manager.

Real Estate. While the Fund may purchase or sell real estate, except as prohibited under the Investment Company Act, the rules and regulations thereunder (except as permitted by an exemption therefrom), as such

statute, rules or regulations may be amended or interpreted by the SEC from time to time., the Fund does not intend to invest directly in real estate. The Fund, however, may purchase securities of companies that deal in real estate or interests therein (including REITs).

Senior Securities. Senior securities may include any obligation or instrument issued by a fund evidencing indebtedness. The Investment Company Act generally prohibits funds from issuing senior securities, although it does not treat certain transactions as senior securities, such as certain borrowings, short sales, reverse repurchase agreements, firm commitment agreements and standby commitments, with appropriate earmarking or segregation of assets to cover such obligation.

Underwriting. Under the Investment Company Act, underwriting securities involves an investment company purchasing securities directly from an issuer for the purpose of selling (distributing) them or participating in any such activity either directly or indirectly.

Lending. Under the Investment Company Act, an investment company may only make loans if expressly permitted by its investment policies.

THE FUND MAY CHANGE ITS INVESTMENT OBJECTIVE, POLICIES, RESTRICTIONS, STRATEGIES, AND TECHNIQUES.

Except as otherwise indicated, the Fund may change its investment objectives and any of its policies, restrictions, strategies, and techniques without Shareholder approval. The investment objective of the Fund is not a fundamental policy of the Fund and may be changed by the Board of Trustees of the Fund (the “Board”) without the vote of a majority (as defined by the Investment Company Act) of the Fund’s outstanding Shares.

BOARD OF TRUSTEES AND OFFICERS

The business operations of the Fund are managed and supervised under the direction of the Board, subject to the laws of the State of Delaware and the Fund’s Agreement and Declaration of Trust. The Board has overall responsibility for the management and supervision of the business affairs of the Fund on behalf of its Shareholders, including the authority to establish policies regarding the management, conduct and operation of its business. The Board exercises the same powers, authority and responsibilities on behalf of the Fund as are customarily exercised by the board of directors of a registered investment company organized as a corporation. The officers of the Fund conduct and supervise the daily business operations of the Fund.

The members of the Board (each, a “Trustee”) are not required to contribute to the capital of the Fund or to hold Shares. A majority of Trustees of the Board are not “interested persons” (as defined in the Investment Company Act) of the Fund (collectively, the “Independent Trustees”). Any Trustee who is not an Independent Trustee is an interested trustee (“Interested Trustee”).

The Trustees serve on the Board for terms of indefinite duration. A Trustee’s position in that capacity will terminate if the Trustee is removed or resigns or, among other events, upon the Trustee’s death, incapacity, retirement or bankruptcy. A Trustee may resign upon written notice to the other Trustees of the Fund, and may be removed either by (i) the vote of at least two-thirds of the Trustees of the Fund not subject to the removal vote or (ii) the vote of Shareholders of the Fund holding not less than two-thirds of the total number of votes eligible to be cast by all Shareholders of the Fund. In the event of any vacancy in the position of a Trustee, the remaining Trustees of the Fund may appoint an individual to serve as a Trustee so long as immediately after the appointment at least two-thirds of the Trustees of the Fund then serving have been elected by the Shareholders of the Fund. The Board may call a meeting of the Fund’s Shareholders to fill any vacancy in the position of a Trustee of the Fund, and must do so if the Trustees who were elected by the Shareholders of the Fund cease to constitute a majority of the Trustees then serving on the Board.

The identity of Trustees of the Board and officers of the Fund, and their brief biographical information, including their addresses, their year of birth and descriptions of their principal occupations during the past five years is set forth below:

INDEPENDENT TRUSTEES

| NAME, ADDRESS AND YEAR OF BIRTH* | POSITION(S) HELD WITH THE FUND** | LENGTH OF TIME SERVED | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY TRUSTEE | OTHER DIRECTORSHIPS HELD BY TRUSTEES |
|---|--|-----------------------------|--|---|---|
| Thomas G. Knipper Year of Birth: 1957 | Trustee | Since June 2022 | Retired; Independent Consulting, financial services organizations (March 2021 – March 2022); Vice President and Chief Compliance Officer, Ameritas Investment Partners, a registered investment advisor (1995 – March 2021). | 1 | Trustee, Investment Managers Series Trust II (a registered investment company with 26 portfolios) |
| Margaret E. Wyrwas Year of Birth: 1958 | Trustee | Since June 2022 | Retired; Chief Marketing Officer and Managing Director, AQR Capital Management (2012 – 2015) | 1 | Director, PanAgora Asset Management, Inc. (financial services firm) (2018 – present); Harvard Business School Alumni Board (2017 – 2023) |

INTERESTED TRUSTEE AND OFFICERS

| NAME, ADDRESS AND YEAR OF BIRTH* | POSITION(S) HELD WITH THE FUND** | LENGTH OF TIME SERVED | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY TRUSTEE | OTHER DIRECTORSHIPS HELD BY TRUSTEE |
|--|--|-----------------------------|---|---|--|
| Ali Meli ^ Year of Birth: 1981 | Trustee, Chairman of the Board, President and Chief Executive Officer | Since June 2021 | Founder and Managing Partner, Monachil Capital Partners (financial services firm) | 1 | None |

| NAME, ADDRESS AND YEAR OF BIRTH* | POSITION(S) HELD WITH THE FUND** | LENGTH OF TIME SERVED | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY TRUSTEE | OTHER DIRECTORSHIPS HELD BY TRUSTEE |
|---|--|--------------------------------------|---|---|--|
| | | | (2019 – Present); Partner, Goldman Sachs Group (financial services firm) (2004 – 2019) | | |
| Joseph McNeila Year of Birth: 1963 | Treasurer, Chief Financial Officer, and Secretary | Since June 2022 | President, Chief Financial Officer and Chief Operating Officer, Monachil Capital Partners (financial services firm) (2021 to present); Managing Director, Goldman Sachs (2018 – 2021); Partner, Copper Street Capital LLP (financial services firm) (2015 to 2018) | N/A | N/A |
| Erik Dolan Year of Birth: 1974 | Chief Compliance Officer | Since June 2022 | Director, ACA Foreside; (2022 – Present); Director, Foreside (2021 – 2022); Director, Alaric Compliance Services (2019 – 2021); Director, MSRB (2016 – 2019) | N/A | N/A |
| Ronak Patel Year of Birth: 1992 | Assistant Treasurer | Since June 2022 | Controller, Monachil Capital Partners (2022 – Present); Director of Finance and Operations, Antler VC (2019 – 2022); | N/A | N/A |

| NAME, ADDRESS AND YEAR OF BIRTH* | POSITION(S) HELD WITH THE FUND** | LENGTH OF TIME SERVED | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY TRUSTEE | OTHER DIRECTORSHIPS HELD BY TRUSTEE |
|--|--|-----------------------------|---|---|--|
| Kat Sirotenko Year of Birth: 1981 | Assistant Secretary | Since June 2022 | Fund Accountant, The Beekman Group (2017 – 2019); Fund Accountant, SS&C Technologies (2016 – 2017) Investor Relations Associate, Monachil Capital Partners (2022 – Present); Investor Relations Associate, Eagle Point Credit Management (2017 – 2022); Marketing Specialist (2016 – 2017) and Sales Service Associate (2012 – 2016), Legg Mason Global Asset Management | N/A | N/A |

* The address for the trustees and officers listed is: 1 Sound Shore Drive, Suite 303, Greenwich, CT 06830.
** Trustees and officers serve until their successors have been duly elected
^ “Interested person” of the Trust as that term is defined under the 1940 Act because of his affiliation with Monachil Capital Partners, LP, the Fund’s Adviser

Trustee Qualifications

The Board believes that each of the Trustees’ experience, qualifications, attributes and skills on an individual basis and in combination with those of the other Trustees lead to the conclusion that each Trustee should serve in such capacity. Among the attributes common to all Trustees is the ability to review critically, evaluate, question and discuss information provided to them, to interact effectively with the other Trustees, the Investment Manager, the Fund’s other service providers, counsel and the independent registered public accounting firm, and to exercise effective business judgment in the performance of their duties as Trustees. A Trustee’s ability to perform his or her duties effectively may have been attained through the Trustee’s business, consulting, and public service; experience as a board member of non-profit entities or other organizations; education or professional training; and/or other life experiences. In addition to these

shared characteristics, set forth below is a brief discussion of the specific experience, qualifications, attributes or skills of each Trustee.

Ali Meli. Mr. Meli has significant investment management experience. Currently, Mr. Meli serves as the Managing Partner of Monachil Capital Partners, LP, and President and Chief Executive Officer of the Fund. Prior to that, Mr. Ali spent more than 14 years at Goldman Sachs & Co., where he was a Partner and served as the Global Co-Head of Structured Finance, Investing and Lending (SFIL).

Thomas Knipper. Mr. Knipper has more than 40 years of experience in the financial services industry having substantial experience with respect to the operation, administration and compliance programs of mutual funds and as a senior executive with a registered investment adviser. Mr. Knipper is a board member and audit committee chair for Investment Managers Series Trust II, a registered investment company with multiple funds, and was previously Chief Compliance Officer for Ameritas Investment Partners as well as Vice President, Controller and Chief Compliance Officer for Summit Mutual Funds, Inc. Before Summit, Mr. Knipper was Controller at Gateway Investment Advisers, LLC. Mr. Knipper began his career at Deloitte.

Margaret E. Wyrwas. Ms. Wyrwas has more than 35 years of experience in the financial services industry having substantial experience working as a strategic partner to senior leadership teams with expertise in global marketing, communications and investor relations, grounded in finance. She was AQR Capital Management's first Chief Marketing Officer and prior to that, served as a Senior Managing Director of Communications, Marketing and Investor Relations at Knight Capital Group for more than a decade. Before Knight, Ms. Wyrwas was Senior Managing Director and Group Head of the New York Financial Communications division at Hill & Knowlton. She began her career at Mellon Bank. A past Chairman of the Board of Directors of the National Investor Relations Institute and a former Board Member of the Independent Research Network, a joint venture of NASDAQ and Reuters, Ms. Wyrwas is currently serving on PanAgora Asset Management and the Harvard Business School Alumni Boards.

Leadership Structure and Oversight Responsibilities

Overall responsibility for oversight of the Fund rests with the Board. The Fund has engaged the Investment Manager to manage the Fund on a day-to-day basis. The Board is responsible for overseeing the Investment Manager and other service providers in the operations of the Fund in accordance with the provisions of the Investment Company Act, applicable provisions of state and other laws and the Fund's Agreement and Declaration of Trust. The Board is currently composed of three members, two of whom are Independent Trustees. The Board will meet in-person at regularly scheduled meetings four times each year. In addition, the Board may hold special in-person or telephonic meetings or informal conference calls to discuss specific matters that may arise or require action between regular meetings. The Independent Trustees have also engaged independent legal counsel to assist them in performing their oversight responsibility. The Independent Trustees will meet with their independent legal counsel in person prior to and during each quarterly in-person board meeting. As described below, the Board has established an Audit Committee and a Nominating and Governance Committee, and may establish ad hoc committees or working groups from time to time to assist the Board in fulfilling its oversight responsibilities.

The Board has appointed Ali Meli, an Interested Trustee, to serve in the role of Chairman. The Chairman's role is to preside at all meetings of the Board and to act as liaison with the Investment Manager, other service providers, counsel and other Trustees generally between meetings. The Chairman serves as a key point person for dealings between management and the Trustees. The Chairman may also perform such other functions as may be delegated by the Board from time to time. The Board has not appointed a lead independent trustee. The Board has determined that the Board's leadership structure is appropriate because it allows the Board to exercise informed and independent judgment over matters under its purview and it allocates areas of responsibility among committees of Trustees and the full Board in a manner that enhances effective oversight.

The Fund is subject to a number of risks, including investment, compliance, operational and valuation risks, among others. Risk oversight forms part of the Board's general oversight of the Fund and will be addressed as part of various Board and committee activities. Day-to-day risk management functions are subsumed within the responsibilities of the Investment Manager and other service providers (depending on the nature of the risk), which carry out the Fund's investment management and business affairs. The

Investment Manager and other service providers employ a variety of processes, procedures and controls to identify various events or circumstances that give rise to risks, to lessen the probability of their occurrence and/or to mitigate the effects of such events or circumstances if they do occur. Each of the Investment Manager and other service providers has its own independent interests in risk management, and their policies and methods of risk management will depend on their functions and business models. The Board recognizes that it is not possible to identify all of the risks that may affect the Fund or to develop processes and controls to eliminate or mitigate their occurrence or effects. The Board will require senior officers of the Fund, including the President, Treasurer and Chief Compliance Officer (“CCO”) and the Investment Manager, to report to the full Board on a variety of matters at regular and special meetings of the Board, including matters relating to risk management. The Board and the Audit Committee will receive regular reports from the Fund’s independent registered public accounting firm on internal control and financial reporting matters. The Board will also receive reports from certain of the Fund’s other primary service providers on a periodic or regular basis, including the Fund’s custodian, distributor and administrator. The Board may, at any time and in its discretion, change the manner in which it conducts risk oversight.

Committees of the Board of Trustees

Audit Committee

The Board has formed an Audit Committee that is responsible for overseeing the Fund’s accounting and financial reporting policies and practices, its internal controls, and, as appropriate, the internal controls of certain service providers; overseeing the quality and objectivity of the Fund’s financial statements and the independent audit of those financial statements; and acting as a liaison between the Fund’s independent auditors and the full Board. In performing its responsibilities, the Audit Committee will select and recommend annually to the entire Board a firm of independent certified public accountants to audit the books and records of the Fund for the ensuing year, and will review with the firm the scope and results of each audit. The Audit Committee currently consists of each of the Fund’s Independent Trustees. As the Fund is recently organized, the Audit Committee did not hold any meetings during the last year.

Nominating and Governance Committee

The Board has formed a Nominating and Governance Committee (the “Nominating Committee”) that is responsible for selecting and nominating persons to serve as Trustees of the Fund. The Nominating Committee is responsible for both nominating candidates to be appointed by the Board to fill vacancies and for nominating candidates to be presented to Shareholders for election. In performing its responsibilities, the Nominating Committee will consider candidates recommended by management of the Fund and by Shareholders and evaluate them both in a similar manner, as long as the recommendation submitted by a Shareholder includes at a minimum: the name, address and telephone number of the recommending Shareholder and information concerning the Shareholder’s interests in the Fund in sufficient detail to establish that the Shareholder held Shares on the relevant record date; and the name, address and telephone number of the recommended nominee and information concerning the recommended nominee’s education, professional experience, and other information that might assist the Nominating Committee in evaluating the recommended nominee’s qualifications to serve as a trustee. The Nominating Committee may solicit candidates to serve as trustees from any source it deems appropriate. With the Board’s prior approval, the Nominating Committee may employ and compensate counsel, consultants or advisers to assist it in discharging its responsibilities. The Nominating Committee currently consists of each of the Fund’s Independent Trustees. As the Fund is recently organized, the Nominating Committee did not hold any meetings during the last year.

Trustee Ownership of Securities

The following table sets forth the dollar range of Shares beneficially owned by each Trustee as of December 31, 2021 and the aggregate dollar range of equity securities in all registered investment companies overseen by each Trustee in the family of investment companies that includes the Fund.

| Name of Trustee | Dollar Range of Equity Securities in the Fund ⁽¹⁾ | Aggregate Dollar Range of Equity Securities in All Registered Investment Companies Overseen by Trustee in Family of Investment Companies ⁽¹⁾⁽²⁾ |
|-----------------------------|--|--|
| Interested Trustees | | |
| Ali Meli | None | None |
| Independent Trustees | | |
| Thomas G. Knipper | None | None |
| Margaret Wyrwas | None | None |

(1) Dollar ranges are as follows: None, \$1 – \$10,000, \$10,001 – \$50,000, \$50,001 – \$100,000, \$100,001 – \$500,000, \$500,001 – \$1,000,000 or Over \$1,000,000.

(2) Beneficial ownership determined in accordance with Rule 16a-1(a)(2) under the Exchange Act.

Independent Trustee Ownership of Securities

As of September 30, 2022, none of the Independent Trustees (or their immediate family members) owned securities of the Investment Manager, or of an entity (other than a registered investment company or business development company) controlling, controlled by or under common control with the Investment Manager.

Trustee Compensation

In consideration of the services rendered by the Independent Trustees, the Fund will pay each Independent Trustee (i) a quarterly retainer in the amount of \$2,000, or \$2,500 for Committee Chairs (to be prorated for a partial term); (ii) a fee with respect to each regular board meeting attended in the amount of \$2,000 per meeting; (iii) a fee with respect to each committee meeting attended in the amount of \$500 per meeting; (iv) a fee with respect to each special Board meeting attended in the amount of \$500 per special meeting; and (v) a fee with respect to each shareholder meeting attended in the amount of \$500 per meeting. Trustees that are interested persons will be compensated by the Investment Manager and/or its affiliates and will not be separately compensated by the Fund.

Organization and Management of Wholly-Owned Subsidiary

The Fund may seek to provide exposure to securities that are not freely tradeable in the U.S., such as Regulation S securities, as well as certain other securities that can only be purchased or held by a non-U.S. person or where it may be advantageous for the security or asset to be purchased or held by a non-U.S. person (“other restricted non-U.S. securities) by investing through the Subsidiary, a wholly owned subsidiary of the Fund. The Subsidiary is advised by Monachil Capital Partners, LLC (the “Investment Manager”). The Investment Manager, as investment adviser to the Subsidiary, will comply with Section 15 of the 1940 Act with respect to advisory contract approval. The Fund and the Subsidiary each complies with Section 8 and 18 of the Investment Company Act regarding investment policies and capital structure on an aggregate basis. In addition, the Subsidiary complies with the provisions of Section 17 of the Investment Company Act relating to affiliated transactions and custody of portfolio investments. The Fund’s custodian also serves as the custodian to the Subsidiary.

The Subsidiary is a company organized under the laws of the Cayman Islands, whose registered office is located at the offices of Maples Corporate Services Limited, P.O. Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands.

The Investment Manager provides investment management and other services to the Subsidiary. The Investment Manager will not receive separate compensation from the Subsidiary for providing it with investment management services. However, the Fund will pay the Investment Manager based on the Fund’s assets, including the assets invested in the Subsidiary. The Subsidiary will also enter into separate contracts

for the provision of custody and audit services with the same or with affiliates of the same service providers that provide those services to the Fund.

The Subsidiary is managed pursuant to compliance policies and procedures that are the same, in all material respects, as the policies and procedures adopted by the Fund. As a result, the Investment Manager, in managing the Subsidiary's portfolio, is subject to the same investment policies and restrictions that apply to the management of the Fund, and, in particular, to the requirements relating to portfolio leverage, liquidity, brokerage, and the timing and method of the valuation of the Subsidiary's portfolio investments and shares of the Subsidiary. These policies and restrictions are described elsewhere in detail in the Prospectus and this SAI. The Fund and the Subsidiary test for compliance with certain investment restrictions on a consolidated basis, except that with respect to its investments in certain securities that may involve leverage, the Subsidiary complies with asset segregation requirements to the same extent as the Fund.

CODES OF ETHICS

The Fund and the Investment Manager have each adopted a code of ethics pursuant to Rule 17j-1 of the Investment Company Act, which is designed to prevent affiliated persons of the Fund and the Investment Manager from engaging in deceptive, manipulative, or fraudulent activities in connection with securities held or to be acquired by the Fund. The codes of ethics permit persons subject to them to invest in securities, including securities that may be held or purchased by the Fund, subject to a number of restrictions and controls. Compliance with the codes of ethics is carefully monitored and enforced.

The codes of ethics are included as exhibits to the Fund's registration statement filed with the SEC and can be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-202-551-8090. The codes of ethics are available on the EDGAR database on the SEC's Internet site at <http://www.sec.gov>, and may also be obtained after paying a duplicating fee, by electronic request at the following E-mail address: publicinfo@sec.gov, or by writing the SEC's Public Reference Section, Washington, DC 20549-0102.

INVESTMENT MANAGEMENT AND OTHER SERVICES

The Investment Manager

Monachil Capital Partners LLC (the "Investment Manager"), located at 1 Sound Shore Drive, Suite 303, Greenwich, CT 06830, serves as the investment adviser to the Fund. The Investment Manager is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. Subject to the general supervision of the Board, and in accordance with the investment objective, policies, and restrictions of the Fund, the Investment Manager is responsible for the management and operation of the Fund and the investment of the Fund's assets. The Investment Manager provides such services to the Fund pursuant to the Investment Management Agreement.

The Investment Management Agreement became effective as of October 24, 2022, and will continue in effect for an initial two-year term. Thereafter, the Investment Management Agreement will continue in effect from year to year provided such continuance is specifically approved at least annually by (i) the vote of a majority of the outstanding voting securities of the Fund or a majority of the Board, and (ii) the vote of a majority of the Independent Trustees of the Fund, cast in person at a meeting called for the purpose of voting on such approval. A discussion regarding the basis for the Board's approval of the Agreements, or any other investment advisory contracts, will be available in the Fund's first annual or semi-annual report to Shareholders.

The Investment Management Agreement provides that, in the absence of willful misfeasance, bad faith, reckless disregard or gross negligence of its obligations to the Fund, the Investment Manager and any partner, director, officer or employee of the Investment Manager, or any of their affiliates, executors, heirs, assigns, successors or other legal representatives, will not be liable for any error of judgment, for any mistake of law or for any act or omission by the person in connection with the performance of services to the Fund. The Investment Management Agreement also provides for indemnification, to the fullest extent permitted by law, by the Fund, of the Investment Manager, or any partner, director, officer or employee of the Investment Manager, and any of their affiliates, executors, heirs, assigns, successors or other legal

representatives, against any liability or expense to which the person may be liable that arises in connection with the performance of services to the Fund, so long as the liability or expense is not incurred by reason of the person's willful misfeasance or gross negligence of its obligations to the Fund. Such indemnification includes losses sustained by the Investment Manager or its affiliates as an indemnitor under any sub-servicing or other agreement entered into by the Investment Manager for the benefit of the Fund to the extent that such losses relate to the Fund and the indemnity giving rise to the losses is not broader than that granted by the Fund to the Investment Manager or its affiliates pursuant to the Investment Management Agreement. The Fund has the right to consent before the Investment Manager settles or consents to the settlement of a claim involving such indemnitor losses (but such consent right will not affect the Investment Manager's entitlement to indemnification).

Pursuant to the Investment Management Agreement, the Fund pays the Investment Manager a fee (the "Investment Management Fee" consisting of two components: (i) an advisory fee (the "Advisory Fee"), and (ii) an incentive fee (the "Incentive Fee").

The Fund pays the Investment Manager a monthly Advisory Fee equal to 1.25% on an annualized basis of the Fund's average daily Managed Assets for the period. Managed Assets" means the total assets of the Fund (including any assets attributable to money borrowed for investment purposes) minus the sum of the Fund's accrued liabilities (other than money borrowed for investment purposes). The Advisory Fee is paid to the Investment Manager out of the Fund's assets and decreases the net profits or increases the net losses of the Fund. The Advisory Fee will be paid to the Investment Manager before giving effect to any repurchase of Shares of the Fund effective as of that date and will decrease the net profits or increase the net losses of the Fund that are credited to its Shareholders. The Advisory Fee will be accrued daily, and will be due and payable monthly in arrears within ten (10) business days after the end of the month.

The Incentive Fee is calculated and payable quarterly in arrears based upon the Fund's "pre-incentive fee net investment income" attributable to the Fund's shares for the immediately preceding fiscal quarter. The Incentive Fee component is subject to a hurdle rate, expressed as a rate of return on the Fund's average daily net asset value (calculated in accordance with GAAP) equal to 1.50% per quarter (or an annualized hurdle rate of 6.00%), subject to a "catch-up" feature. For this purpose, "pre-incentive fee net investment income" means interest income, dividend income and any other income accrued during the fiscal quarter, minus the Fund's operating expenses for the quarter, not including the distribution and/or shareholder servicing fees (if any) applicable to each class accrued during the fiscal quarter. For such purposes, the Fund's operating expenses will include the Advisory Fee and expenses reimbursed to the Investment Manager under the expense limitation agreement, but will exclude the Incentive Fee.

The portion of the Fund's pre-incentive fee net investment income which exceeds the hurdle rate but is less than or equal to 1.765% is referred to as the "catch-up." The "catch-up" provision is intended to provide the Investment Manager with an incentive fee of 15% on all of the Fund's pre-incentive fee net investment income when the Fund's pre-incentive fee net investment income reaches 1.765% of adjusted capital in any fiscal quarter; and 15% of the Fund's pre-incentive fee net investment income, if any, that exceeds 1.765% in any fiscal quarter is payable to the Investment Manager once the hurdle rate is reached and the catch-up is achieved.

The calculation of the Incentive Fee for each fiscal quarter is as follows:

No Incentive Fee is payable in any fiscal quarter in which the pre-incentive fee net investment income attributable to the Fund's shares does not exceed the quarterly hurdle rate of 1.50% of the Fund's average daily net assets (calculated in accordance with GAAP, or 6.00% annualized);

100% of the Fund's pre-incentive fee net investment income attributable to the Fund's shares, if any, that exceeds the hurdle rate but is less than or equal to 1.765% of the Fund's average daily net asset value (calculated in accordance with GAAP) in any fiscal quarter (7.06% annualized) is payable to the Investment Manager; and

15% of the Fund's pre-incentive fee net investment income attributable to the Fund's shares, if any, that exceeds 1.765% of the Fund's average daily net assets (calculated in accordance with GAAP) in any

fiscal quarter (7.06% annualized) is payable to the Investment Manager once the hurdle rate is reached and the catch-up is achieved, (15% of all the pre-incentive fee net investment income thereafter is allocated to the Investment Manager).

The Investment Manager has entered into an expense limitation and reimbursement agreement (the “Expense Limitation and Reimbursement Agreement”) with the Fund, whereby the Investment Manager has agreed to waive fees that it would otherwise have been paid, and/or to assume expenses of the Fund (a “Waiver”), if required to ensure the Total Annual Expenses (excluding the Management Fee, any taxes, borrowing and other investment-related costs and fees paid to unaffiliated third parties including interest payments on borrowed funds, loan origination fees, loan servicing fees, loan collection and administration fees and expenses, interest and commitment fees, distribution or servicing fees, brokerage and distribution costs and expenses, acquired fund fees and expenses (as determined in accordance with SEC Form N-2), expenses incurred in connection with any merger or reorganization, and extraordinary or non-routine expenses, such as litigation expenses) do not exceed 0.50% and 0.50% of the average daily net assets of the Class A Shares and Class I Shares, respectively (the “Expense Limit”). Because Management Fees, taxes, fees and interest payments on borrowed funds, distribution and servicing fees, brokerage and distribution costs and expenses, acquired fund fees and expenses, expenses incurred in connection with any merger or reorganization, and extraordinary or non-routine expenses are excluded from the Expense Limit, Total Annual Expenses (after fee waivers and expense reimbursements) are expected to exceed 2.00% (including the 0.25% servicing fee) for the Class A Shares and 1.75% for the Class I Shares. Additionally, under the Expense Limitation and Reimbursement Agreement, the Investment Manager has agreed to waive fees that it would otherwise have been paid, and/or to assume payment of any taxes that would be owed by the Fund due to an inability to qualify as a RIC under Subchapter M of the Code (“RIC Non-Qualification Taxes) up to a maximum of \$1 million in a tax year for Fund’s first two tax years or periods. For a period not to exceed three years from the date on which a Waiver is made, the Investment Manager may recoup amounts waived or assumed, provided it is able to effect such recoupment and remain in compliance with the Expense Limit in place at the time of the Waiver and the current Expense Limit. A Waiver for RIC Non-Qualification Taxes is not subject to recoupment. The Expense Limitation and Reimbursement Agreement has an initial two-year term, which ends on April 30, 2025. After its initial two year term, the Expense Limitation and Reimbursement Agreement is subject to renewal annually for one-year terms thereafter. The Investment Manager may not terminate the Expense Limitation and Reimbursement Agreement during the initial term without the approval of the Fund’s Board.

The Portfolio Managers

The persons who will initially have primary responsibility for the day-to-day management of the Fund’s portfolio (the “Portfolio Managers”) are as follows:

Ali Meli

As a Portfolio Manager of the Investment Manager, Mr. Meli is responsible for all investment decisions, including working on deal origination and evaluation, structuring the investments and negotiating the critical terms, and portfolio constructions.

Prior to launching the Investment Manager, Mr. Meli spent more than 14 years at Goldman Sachs & Co., where he was a Partner and served as the Global Co-head of Structured Finance, Investing and Lending (SFIL). His deal experience includes North America, Latin America, Europe and Asia, across credit, commodity finance, mortgages, consumer loans and repos, and he worked in the New York, London and Hong Kong offices. Mr. Meli holds dual Majors in Electrical Engineering and Management Science from the Massachusetts Institute of Technology.

Christopher Pryor

As a Portfolio Manager, Mr. Pryor is responsible for deal origination, including identifying appropriate opportunities, the due diligence and qualitative evaluation, and working on the negotiation of critical terms.

Prior to joining the Investment Manager in mid-2019, Mr. Pryor had eight years of experience in investment banking and private equity. His deal experience includes subprime consumer credit, supply chain

finance, real estate finance, and repos. Mr. Pryor is the Former Head of Corporate Investments at Fifteen Group, and he was an investment banker at Marlin & Associates and INTL FCStone. He holds an MS in Financial Mathematics and a BS in Mathematics from Worcester Polytechnic Institute.

Other Accounts Managed by the Portfolio Manager

In addition to the Fund, the Fund’s portfolio managers manage other accounts, including other pooled investment vehicles. The table below identifies the number of accounts for which the portfolio managers have day-to-day management responsibilities and the total assets in such accounts, within each of the following categories: registered investment companies, other pooled investment vehicles and other accounts, as of September 30, 2022.

| Portfolio Manager | Registered Investment Companies | | Other Pooled Investment Vehicles | | Other Accounts | |
|-----------------------------|---------------------------------|--------------|----------------------------------|--------------|--------------------|--------------|
| | Number of Accounts | Total Assets | Number of Accounts | Total Assets | Number of Accounts | Total Assets |
| Ali Meli | 0 | \$0 | 2 | \$32,290,944 | 0 | \$0 |
| Christopher Pryor | 0 | \$0 | 2 | \$32,290,944 | 0 | \$0 |

(1) Does not include the Fund.

The table below identifies the number of accounts for which the portfolio managers have day-to-day management responsibilities and the total assets in such accounts with respect to which the advisory fee is based on the performance of the account, within each of the following categories: registered investment companies, other pooled investment vehicles, and other accounts, as of September 30, 2022. The accounts included within the categories “other pooled investment vehicles” and “other accounts” consist of accounts that invest primarily in U.S. primary fund investments.

| Portfolio Manager | Registered Investment Companies for which Investment Manager receives a performance-based fee | | Other Pooled Investment Vehicles managed for which Investment Manager receives a performance-based fee | | Other Accounts managed for which Investment Manager receives a performance-based fee | |
|-----------------------------|---|--------------|--|--------------|--|--------------|
| | Number of Accounts | Total Assets | Number of Accounts | Total Assets | Number of Accounts | Total Assets |
| Ali Meli | 0 | \$0 | 2 | \$32,290,944 | 0 | \$0 |
| Christopher Pryor | 0 | \$0 | 2 | \$32,290,944 | 0 | \$0 |

(1) Does not include the Fund.

Conflicts of Interest

The Investment Manager and Portfolio Managers may manage multiple funds and/or other accounts, and as a result may be presented with one or more of the following actual or potential conflicts:

The management of multiple funds and/or other accounts may result in the Investment Manager or Portfolio Manager devoting unequal time and attention to the management of each fund and/or other account. The Investment Manager seeks to manage such competing interests for the time and attention of a Portfolio Manager by having the Portfolio Manager focus on a particular investment discipline. Most other accounts managed by a Portfolio Manager are managed using the same investment models that are used in connection with the management of the Fund.

If the Investment Manager or Portfolio Manager identifies a limited investment opportunity which may be suitable for more than one fund or other account, a fund may not be able to take full advantage of that opportunity due to an allocation of filled purchase or sale orders across all eligible funds and other accounts. To deal with these situations, the Investment Manager has adopted procedures for allocating portfolio transactions across multiple accounts.

The Investment Manager has adopted certain compliance procedures which are designed to address these types of conflicts. However, there is no guarantee that such procedures will detect each and every situation in which a conflict arises.

Compensation of the Portfolio Managers

Mr. Meli has ownership and financial interests in, and may receive compensation and/or variable profit distributions from, the Investment Manager based on the Investment Manager’s financial performance, such as its overall revenues and profitability. Mr. Pryor’s compensation is not tied to the Fund’s performance, except to the extent that the fee paid to the Investment Manager impacts the Investment Manager’s financial performance.

Portfolio Managers’ Ownership of Shares

The following table shows the dollar range of equity securities in the Fund beneficially owned by each of the portfolio managers as of [Date of Prospectus], 2022:

| Name of Portfolio Manager | Dollar Range of Shares Beneficially Owned by Portfolio Manager ⁽¹⁾ |
|---------------------------|---|
| Ali Meli | Over \$1,000,000 |
| Christopher Pryor | None |

(1) Dollar ranges are as follows: None, \$1 – \$10,000, \$10,001 – \$50,000, \$50,001 – \$100,000, \$100,001 – \$500,000, \$500,001 – \$1,000,000 or Over \$1,000,000.

BROKERAGE

In following the Fund’s investment strategy, the Investment Manager expects few of the Fund’s transactions to involve brokerage. To the extent the Fund’s transactions involve brokerage, the Fund does not expect to use one particular broker or dealer. It is the Fund’s policy to obtain the best results in connection with effecting its portfolio transactions, taking into account factors such as price, size of order, difficulty of execution and operational facilities of a brokerage firm and the firm’s risk in positioning a block of securities. Generally, equity securities are bought and sold through brokerage transactions for which commissions are payable. Purchases from underwriters will include the underwriting commission or concession, and purchases from dealers serving as market makers will include a dealer’s mark-up or reflect a dealer’s mark-down. Money market securities and other debt securities are usually bought and sold directly from the issuer or an underwriter or market maker for the securities. Generally, the Fund will not pay brokerage commissions for such purchases. When a debt security is bought from an underwriter, the purchase price will usually include an underwriting commission or concession. The purchase price for securities bought from dealers serving as market makers will similarly include the dealer’s mark up or reflect a dealer’s mark down. When the Fund executes transactions in the over-the-counter market, it will generally deal with primary market makers unless prices that are more favorable are otherwise obtainable.

In addition, the Investment Manager may place a combined order for two or more accounts it manages, including the Fund, that are engaged in the purchase or sale of the same security if, in its judgment, joint execution is in the best interest of each participant and will result in best price and execution. Transactions involving commingled orders are allocated in a manner deemed equitable to each account or fund. Although it is recognized that, in some cases, the joint execution of orders could adversely affect the price or volume of the security that a particular account or the Fund may obtain, it is the opinion of the Investment Manager that the advantages of combined orders outweigh the possible disadvantages of separate transactions. The Investment Manager believes that the ability of the Fund to participate in higher volume transactions will generally be beneficial to the Fund.

The Investment Manager may pay a higher commission than otherwise obtainable from other brokers in return for brokerage or research services only if a good faith determination is made that the commission is reasonable in relation to the services provided.

While it is the Fund's general policy to seek to obtain the most favorable price and execution available in selecting a broker-dealer to execute portfolio transactions for the Fund, weight is also given to the ability of a broker-dealer to furnish brokerage and research services as defined in Section 28(e) of the Securities Exchange Act of 1934, as amended, to the Fund or to the Investment Manager, even if the specific services are not directly useful to the Fund and may be useful to the Investment Manager in advising other clients. When one or more brokers is believed capable of providing the best combination of price and execution, the Investment Manager may select a broker based upon brokerage or research services provided to the Investment Manager. In negotiating commissions with a broker or evaluating the spread to be paid to a dealer, the Fund may therefore pay a higher commission or spread than would be the case if no weight were given to the furnishing of these supplemental services, provided that the amount of such commission or spread has been determined in good faith by the Investment Manager to be reasonable in relation to the value of the brokerage and/or research services provided by such broker-dealer. The standard of reasonableness is to be measured in light of the Investment Manager's overall responsibilities to the Fund.

The Subsidiary follows the same brokerage practices as the Fund.

TAX MATTERS

The following is intended to be a general summary of certain U.S. federal income tax consequences of investing, holding and disposing of Shares of the Fund. It is not intended to be a complete discussion of all such federal income tax consequences, nor does it purport to deal with all categories of investors. **INVESTORS ARE ADVISED TO CONSULT WITH THEIR TAX ADVISORS BEFORE MAKING AN INVESTMENT IN THE FUND.**

Set forth below is a discussion of certain U.S. federal income tax issues concerning the Fund and the purchase, ownership and disposition of Shares. This discussion does not purport to be complete or to deal with all aspects of federal income taxation that may be relevant to Shareholders in light of their particular circumstances. Unless otherwise noted, this discussion assumes you are a U.S. Shareholder and that you hold your Shares as a capital asset. This discussion is based upon present provisions of the Code, the regulations promulgated thereunder, and judicial and administrative ruling authorities, all of which are subject to change, which change may be retroactive. Prospective investors should consult their own tax advisers with regard to the federal tax consequences of the purchase, ownership, or disposition of Shares, as well as the tax consequences arising under the laws of any state, foreign country, or other taxing jurisdiction.

The Fund intends to qualify annually as a regulated investment company (a "RIC") under the Code. To qualify for the favorable U.S. federal income tax treatment generally accorded to RICs, the Fund must, among other things, (a) derive in each taxable year at least 90% of its gross income from dividends, interest, payments with respect to certain securities loans and gains from the sale or other disposition of stock, securities or foreign currencies or other income derived with respect to its business of investing in such stock, securities or currencies and net income derived from interests in qualified publicly traded partnerships; (b) diversify its holdings so that, at the end of each quarter of its taxable year, (i) at least 50% of the market value of the Fund's assets is represented by cash and cash items (including receivables), U.S. Government securities, the securities of other RICs and other securities, with such other securities of any one issuer limited for the purposes of this calculation to an amount not greater than 5% of the value of the Fund's total assets and not greater than 10% of the outstanding voting securities of such issuer, and (ii) not more than 25% of the value of its total assets is invested in the securities (other than U.S. Government securities or the securities of other RICs) of a single issuer, in the securities (other than securities of other RICs) of two or more issuers which the Fund controls and are engaged in the same, similar or related trades or businesses, or in the securities of one or more qualified publicly traded partnerships; and (c) distribute for each taxable year an amount at least equal to the sum of 90% of its investment company taxable income (determined without regard to the deduction for dividends paid) and 90% of its net tax exempt interest income.

The Fund might not distribute all of its net investment income, and the Fund is not required to distribute any portion of its net capital gain. If the Fund qualifies for treatment as a RIC but does not distribute all of its net capital gain and net investment income, it will be subject to tax at regular corporate rates on the amount retained. If the Fund retains any net capital gain, it may designate the retained amount of capital gain as undistributed capital gain in a notice to its Shareholders who, if subject to federal income tax on long-term capital gains, (i) will be required to include in income for federal income tax purposes, as long-term

capital gain, their share of such undistributed amount; (ii) will be deemed to have paid their proportionate share of the tax paid by the Fund on such undistributed amount and will be entitled to credit that amount of tax against their federal income tax liabilities, if any; and (iii) will be entitled to claim refunds to the extent the credit exceeds such liabilities. For federal income tax purposes, the tax basis of Shares owned by a Shareholder of the Fund will be increased by an amount equal to the difference between the amount of undistributed capital gains included in the shareholder's gross income and the tax deemed paid by the Shareholder.

As a RIC, the Fund generally will not be subject to U.S. federal income tax on its investment company taxable income (as that term is defined in the Code, but without regard to the deduction for dividends paid) and net capital gain (the excess of net long-term capital gain over net short-term capital loss), if any, that it distributes to Shareholders. The Fund intends to distribute to its Shareholders, at least annually, substantially all of its net investment income and net capital gain. Amounts not distributed on a timely basis in accordance with a calendar year distribution requirement are subject to a nondeductible 4% excise tax. To prevent imposition of the excise tax, the Fund must distribute during each calendar year an amount equal to the sum of (1) at least 98% of its ordinary income (not taking into account any capital gains or losses) for the calendar year, (2) at least 98.2% of its capital gains in excess of its capital losses (adjusted for certain ordinary losses) for the one-year period ending October 31 of the calendar year, and (3) any ordinary income and capital gains for previous years that were not distributed during those years. To prevent application of the excise tax, the Fund intends to make its distributions in accordance with the calendar year distribution requirement.

Although dividends generally will be treated as distributed when paid, any dividend declared by the Fund in October, November or December and payable to Shareholders of record in such a month that is paid during the following January will be treated for U.S. federal income tax purposes as received by Shareholders on December 31 of the calendar year in which it was declared. In addition, certain other distributions made after the close of a taxable year of the Fund may be "spilled back" and treated for certain purposes as paid by the Fund during such taxable year. In such case, Shareholders generally will be treated as having received such dividends in the taxable year in which the distributions were actually made. For purposes of calculating the amount of a RIC's undistributed income and gain subject to the 4% excise tax described above, such "spilled back" dividends are treated as paid by the RIC when they are actually paid.

If the Fund fails to satisfy the qualifying income or diversification requirements in any taxable year, the Fund may be eligible for certain relief provisions if the failures are due to reasonable cause and not willful neglect and if a penalty tax is paid with respect to each failure to satisfy the applicable requirements. Additionally, relief is provided for certain *de minimis* failures of the diversification requirements where the Fund corrects the failure within a specified period. In order to be eligible for the relief provisions with respect to a failure to meet the diversification requirements, the Fund may be required to dispose of certain assets. If these relief provisions are not available to the Fund and it fails to qualify for treatment as a RIC for a taxable year, the Fund will be taxable at regular corporate tax rates (and, to the extent applicable, at corporate alternative minimum tax rates). In such an event, all distributions (including capital gain distributions) will be taxable as ordinary dividends to the extent of the Fund's current and accumulated earnings and profits, subject to the dividends-received deduction for corporate Shareholders and to the tax rates applicable to qualified dividend income distributed to non-corporate Shareholders. In such an event, distributions in excess of the Fund's current and accumulated earnings and profits will be treated first as a return of capital to the extent of the holder's adjusted tax basis in the Shares (reducing that basis accordingly), and any remaining distributions will be treated as a capital gain. To requalify for treatment as a RIC in a subsequent taxable year, the Fund would be required to satisfy the RIC qualification requirements for that year and to distribute any earnings and profits from any year in which the Fund failed to qualify for tax treatment as a RIC. In addition, if the Fund were to fail to qualify as a RIC for a period greater than two taxable years, it would generally be required to pay a Fund-level tax on certain net built-in gains recognized with respect to certain of its assets upon a disposition of such assets within five years of qualifying as a RIC in a subsequent year.

The Board reserves the right not to maintain the qualification of the Fund for treatment as a RIC if it determines such course of action to be beneficial to Shareholders.

Distributions

Dividends paid out of the Fund's net investment income generally will be taxable to a Shareholder as ordinary income to the extent of the Fund's earnings and profits, whether paid in cash or reinvested in additional Shares. The Fund may be able to report a portion of its income as "qualified dividend income," however, which is taxable to non-corporate Shareholders at rates of up to 20%.

In general, dividends may be reported by the Fund as qualified dividend income if they are attributable to qualified dividend income received by the Fund. Qualified dividend income generally means dividend income received from investments in common and preferred stock of U.S. companies and stock of certain qualified foreign corporations, provided that certain holding period and other requirements are met by both the Fund and the Shareholders.

A foreign corporation is treated as a qualified foreign corporation for this purpose if it is incorporated in a possession of the United States or it is eligible for the benefits of certain income tax treaties with the United States and meets certain additional requirements. Certain foreign corporations that are not otherwise qualified foreign corporations will be treated as qualified foreign corporations with respect to dividend paid by them if the stock with respect to which the dividends are paid is readily tradable on an established securities market in the United States. Passive foreign investment companies are not qualified foreign investment companies for this purpose.

A dividend that is attributable to qualified dividend income of the Fund that is paid by the Fund to a Shareholder will not be taxable as qualified dividend income to such Shareholder (1) if the dividend is received with respect to any share of the Fund held for fewer than 61 days during the 121-day period beginning on the date which is 60 days before the date on which such share became ex-dividend with respect to such dividend, (2) to the extent that the Shareholder is under an obligation (whether pursuant to a short sale or otherwise) to make related payments with respect to positions in substantially similar or related property, or (3) if the Shareholder elects to have the dividend treated as investment income for purposes of the limitation on deductibility of investment interest. The ex-dividend date is the date on which the owner of the share at the commencement of such date is entitled to receive the next issued dividend payment for such share even if the share is sold by the owner on that date or thereafter.

Distributions of net capital gain (the excess of net long-term capital gain over net short-term capital loss), if any, reported as capital gain dividends are generally taxable to a Shareholder as long-term capital gains regardless of how long the Shareholder has held Shares, at rates of up to 20% for non-corporate taxpayers. Distributions of short-term capital gain are taxable to Shareholders as ordinary income. Shareholders receiving distributions in the form of additional Shares, rather than cash, generally will have a cost basis in each such share equal to the greater of the net asset value or fair market value of a share of the Fund on the reinvestment date. A distribution of an amount in excess of the Fund's current and accumulated earnings and profits will first be treated by a Shareholder as a return of capital, which is applied against and reduces the Shareholder's basis in his or her Shares. To the extent that the amount of any such distribution exceeds the Shareholder's basis in his or her Shares, the excess will be treated by the Shareholder as gain from a sale or exchange of Shares.

Shareholders will be notified annually as to the U.S. federal tax status of distributions, and Shareholders receiving distributions in the form of additional Shares will receive a report as to the net asset value of those Shares.

A dividend or distribution received shortly after the purchase of Shares reduces the net asset value of the Shares by the amount of the dividend or distribution and, although in effect a return of capital will be taxable to the Shareholder. If the net asset value of Shares were reduced below the Shareholder's cost by dividends and distributions representing gains realized on sales of securities, such dividends and distributions, although also in effect returns of capital, would be taxable to the Shareholder in the same manner as other dividends or distributions.

Capital losses in excess of capital gains ("net capital losses") are not permitted to be deducted against a RIC's net investment income. Instead, for U.S. federal income tax purposes, potentially subject to certain limitations, the Fund may carry net capital losses from any taxable year forward to offset capital gains in future years. For U.S. federal income tax purposes, the Fund is permitted to carry forward a net capital loss

from any taxable year that began on or before December 22, 2010 to offset its capital gains, if any, for up to eight years following the year of the loss. The Fund is permitted to carry forward indefinitely a net capital loss from any taxable year that began after December 22, 2010 to offset its capital gains, if any, in years following the year of the loss. To the extent subsequent capital gains are offset by such losses, they will not result in U.S. federal income tax liability to the Fund and may not be distributed as capital gains to Shareholders. Carryforwards of losses from taxable years that began after December 22, 2010 must be fully utilized before the Fund may utilize carryforwards of losses from taxable years that began on or before December 22, 2010. Generally, the Fund may not carry forward any losses other than net capital losses. Under certain circumstances, the Fund may elect to treat certain losses as though they were incurred on the first day of the taxable year immediately following the taxable year in which they were actually incurred.

The Fund has no capital loss carryforwards because it has not yet commenced operations.

Sale or Exchange of Fund Shares

Sales and repurchases generally are taxable events for Shareholders that are subject to tax. Shareholders should consult their own tax advisers with reference to their individual circumstances to determine whether any particular transaction in Shares is properly treated as a sale for tax purposes, as the following discussion assumes, and to ascertain the tax treatment of any gains or losses recognized in such transactions. In general, if Shares are sold, the Shareholder will recognize gain or loss equal to the difference between the amount realized on the sale and the Shareholder's adjusted tax basis in the Shares. Such gain or loss generally will be treated as long-term capital gain or loss if the Shares were held for more than one year and otherwise generally will be treated as short-term capital gain or loss. Any loss recognized by a Shareholder upon the sale, repurchase or other disposition of Shares with a tax holding period of six months or less will be treated as a long-term capital loss to the extent of any amounts treated as distributions to the Shareholder of long-term capital gain with respect to such Shares (including any amounts credited to the Shareholder as undistributed capital gains).

Losses on sales or other dispositions of Shares may be disallowed under "wash sale" rules in the event of other investments in the fund (including investments made pursuant to reinvestment of dividends and/or capital gain distributions) within a period of 61 days beginning 30 days before and ending 30 days after the sale or other disposition of Shares or in the event the Shareholder enters into a contract or option to repurchase Shares within such period. In such a case, the disallowed portion of any loss generally would be included in the adjusted tax basis of the Shares acquired in the other investments.

Original Issue Discount Securities

Investments by the Fund in zero coupon or other discount securities will result in income to the Fund equal to a portion of the excess of the face value of the securities over their issue price ("original issue discount") each year that the securities are held, even though the Fund may receive no cash interest payments or may receive cash interest payments that are less than the income recognized for tax purposes. This income is included in determining the amount of income, which the Fund must distribute to avoid the payment of federal income tax and the 4% excise tax. Because such income may not be matched by a corresponding cash payment to the Fund, the Fund may be required to borrow money or dispose of securities to be able to make distributions to its Shareholders.

Investments in Non-U.S. Securities

The Fund may invest in non-U.S. securities, which investments could subject the Fund to complex provisions of the Code applicable to equity interests in passive foreign investment companies (each, a "PFIC"). A PFIC is an equity interest (under Treasury regulations that may be promulgated in the future, generally including not only stock but also an option to acquire stock such as is inherent in a convertible bond) in certain foreign corporations (i) that receive at least 75% of their annual gross income from passive sources (such as interest, dividends, certain rents and royalties, or capital gains) or (ii) where at least 50% of the corporation's assets (computed based on average fair market value) either produce or are held for the production of passive income. If the Fund invests in PFICs, the Fund could be subject to U.S. federal income tax and nondeductible interest charges on "excess distributions" received from such companies or on gain from the sale of stock in such companies, even if all income or gain actually received by the Fund is timely

distributed to its Shareholders. The Fund would not be able to pass through to its Shareholders any credit or deduction for such a tax. A “qualified electing fund” election or a “mark-to-market” election may be available that would ameliorate these adverse tax consequences, but such elections could require the Fund to recognize taxable income or gain (subject to the distribution requirements applicable to RICs, as described above) without the concurrent receipt of cash. In order to satisfy the distribution requirements and avoid a tax at the Fund level, the Fund may be required to liquidate portfolio securities that it might otherwise have continued to hold, potentially resulting in additional taxable gain or loss to the Fund. Gains from the sale of stock of PFICs may also be treated as ordinary income. In order for the Fund to make a qualified electing fund election with respect to a PFIC, the PFIC would have to agree to provide certain tax information to the Fund on an annual basis, which it might not agree to do. The Fund may limit and/or manage its holdings in PFICs to limit its tax liability or maximize its returns from these investments.

Dividends received by the Fund on foreign securities may give rise to withholding and other taxes imposed by foreign countries. Tax conventions between certain countries and the United States may reduce or eliminate such taxes. Shareholders of the Fund generally will not be entitled to a credit or deduction with respect to any such taxes paid by the Fund.

Gains or losses attributable to fluctuations in exchange rates between the time the Fund accrues income or receivables or expenses or other liabilities denominated in a foreign currency and the time the Fund actually collects such income or receivables or pays such liabilities are generally treated as ordinary income or loss. Similarly, gains or losses on foreign currency forward contracts and the disposition of debt securities denominated in foreign currency, to the extent attributable to fluctuations in exchange rates between the acquisition and disposition dates, are also treated as ordinary income or loss.

Investment in the Subsidiary

The Fund invests in the Subsidiary in order to gain exposure to certain securities that are not freely tradeable in the U.S., such as Regulation S securities, as well as other securities that can only be held by a non-U.S. person or where it may be advantageous for the security or asset to be purchased or held by a non-U.S. person (“other restricted non-U.S. securities”). The Fund intends for the Subsidiary to be treated as a disregarded entity for U.S. federal income tax purposes. As such, the Fund intends for the Subsidiary to be disregarded as an entity separate from its sole shareholder the Fund, and the Subsidiary is treated as a division or branch of the Fund. Instead, assuming that the Subsidiary is a disregarded entity, the Fund is treated as owning the Subsidiary’s assets directly for U.S. federal income tax purposes. The Fund will report separately on its own income tax return the Subsidiary’s income, gains, losses, deductions, and credits as such items are realized. Cash distributions by the Subsidiary to the Fund are a nonevent for U.S. federal income tax purposes and, therefore, result in no income or gain to the Fund.

Backup Withholding

The Fund is required to withhold (as “backup withholding”) a portion of dividends and certain other payments paid to certain holders of Shares who do not to provide the Fund with their correct taxpayer identification number (or, in the case of individuals, their social security numbers) or to make required certifications, or who are otherwise subject to backup withholding. The withholding rate is 24%. Corporate Shareholders and certain other Shareholders specified in the Code generally are exempt from such backup withholding. This withholding is not an additional tax. Any amounts withheld from payments made to a Shareholder may be refunded or credited against the Shareholder’s U.S. federal income tax liability, provided the required information and forms are timely furnished to the IRS.

Foreign Shareholders

U.S. taxation of a Shareholder who, as to the United States, is a nonresident alien individual, a foreign trust or estate, a foreign corporation or foreign partnership (“foreign shareholder”) generally depends on whether the income received from the Fund is “effectively connected” with a U.S. trade or business carried on by the Shareholder. In addition, unless certain foreign entities that hold Shares comply with IRS requirements that will generally require them to report information regarding U.S. persons investing in, or holding accounts with, such entities, a 30% withholding tax may apply to Fund distributions and repurchase proceeds payable to such entities. A foreign shareholder may be exempt from the withholding described in

this paragraph under an applicable intergovernmental agreement between the U.S. and a foreign government, provided that the Shareholder and the applicable foreign government comply with the terms of such agreement.

Other Tax Considerations

A 3.8% Medicare contribution tax generally applies to all or a portion of the net investment income of a Shareholder who is an individual and not a nonresident alien for federal income tax purposes and who has adjusted gross income (subject to certain adjustments) that exceeds a threshold amount (\$250,000 if married filing jointly or if considered a “surviving spouse” for federal income tax purposes, \$125,000 if married filing separately, and \$200,000 in other cases). This 3.8% tax also applies to all or a portion of the undistributed net investment income of certain Shareholders that are estates and trusts. For these purposes, interest, dividends, and certain capital gains (among other categories of income) are generally taken into account in computing a Shareholder’s net investment income.

Fund Shareholders may be subject to state, local and foreign taxes on their Fund distributions. Shareholders are advised to consult their own tax advisers with respect to the particular tax consequences to them of an investment in the Fund.

If a Shareholder recognizes a loss on a disposition of Shares of \$2 million or more for an individual Shareholder, or \$10 million or more for a corporate Shareholder, in any single taxable year (or certain greater amounts over a combination of years), the Shareholder must file with the IRS a disclosure statement on Form 8886. Direct Shareholders of portfolio securities are in many cases excepted from this reporting requirement, but under current guidance, shareholders of a RIC are not excepted. In addition, significant penalties may be imposed for the failure to comply with the reporting requirements. The fact that a loss is reportable under these regulations does not affect the legal determination of whether the taxpayer’s treatment of the loss is proper. Shareholders should consult their tax advisers to determine the applicability of these regulations in light of their individual circumstances.

The foregoing discussion is a summary only and is not intended as a substitute for careful tax planning. Purchasers of Shares should consult their own tax advisers as to the tax consequences of investing in such Shares, including under state, local and other tax laws.

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM; LEGAL COUNSEL

Tait, Weller & Baker LLP, located at Two Liberty Place, 50 S. 16th Street, Suite 2900, Philadelphia, PA 19102, has been selected as the independent registered public accountant for the Fund and in such capacity will audit the Fund’s annual financial statements and financial highlights.

Alston & Bird, LLP, 950 F St. NW, Washington, DC, 20004, serves as counsel to the Fund and the Independent Trustees.

CUSTODIAN

UMB Bank, n.a. (the “Custodian”), serves as the primary custodian of the assets of the Fund and the Subsidiary, and may maintain custody of such assets with U.S. and non-U.S. sub-custodians (which may be banks, trust companies, securities depositories and clearing agencies) in accordance with the requirements of Section 17(f) of the Investment Company Act. Assets of the Fund are not held by the Investment Manager or commingled with the assets of other accounts other than to the extent that securities are held in the name of the Custodian or U.S. or non-U.S. sub-custodians in a securities depository, clearing agency or omnibus customer account of such custodian. The Custodian’s principal business address is 1010 Grand Boulevard, Kansas City, MO 64106.

DISTRIBUTOR

Foreside Financial Services, LLC, (the “Distributor”) is the distributor of Shares and is located at Three Canal Plaza, Suite 100, Portland, Maine 04101. The Distributor is a registered broker-dealer and is a member of the Financial Industry Regulatory Authority, Inc. Pursuant to the Distribution Agreement, the Distributor acts as the agent of the Fund in connection with the continuous offering of Shares of the

Fund. The Distributor continually distributes Shares of the Fund on a best efforts basis. The Distributor has no obligation to sell any specific quantity of Shares. The Distributor and its officers have no role in determining the investment policies of the Fund.

PROXY VOTING POLICIES AND PROCEDURES

The Board has delegated responsibility for decisions regarding proxy voting for securities held by the Fund to the Investment Manager. The Investment Manager will vote such proxies in accordance with its proxy policies and procedures. Copies of the Investment Manager's proxy policies and procedures are included as Appendix A to this SAI.

The Fund will be required to file Form N-PX, with its complete proxy voting record for the twelve months ended June 30, no later than August 31 of each year. The Fund's Form N-PX filing will be available: (i) without charge, upon request, by calling the Fund at (855) 552-5520 or (ii) by visiting the SEC's website at www.sec.gov.

CONTROL PERSONS AND PRINCIPAL SHAREHOLDERS

A principal shareholder is any person who owns of record or is known by the Fund to own of record or beneficially 5% or more of any class of the Fund's outstanding equity securities. A control person is a person who beneficially owns more than 25% of the voting securities of the Fund. Prior to the public offering of the Shares, Ali Meli, Managing Partner, of the Investment Manager, purchased Shares from the Fund in an amount satisfying the net worth requirements of Section 14(a) of the 1940 Act, which requires the Fund to have a net worth of at least \$100,000 prior to making a public offering. As of the date of this SAI, Ali Meli owns 100% of the outstanding Class I Shares of the Fund.

In connection with the Reorganization, the shareholders of the Predecessor Fund will receive in the aggregate approximately 1.43 million Class I Shares. At the commencement of the Fund's operations, Ali Meli will own of record and beneficially approximately 82% of the outstanding Shares and may be deemed to control the Fund. Mr. Meli may continue to be deemed to control the Fund until such time as he owns less than 25% of the outstanding Shares.

FINANCIAL STATEMENTS

Appendix B to this SAI provides financial information regarding the Fund and Wolf River INV LLC. (the "Predecessor Fund"), which is expected to reorganize with and transfer substantially all its asset into the Fund. The Fund's financial statements have been audited by Tait, Weller & Baker LLP. The financial statements of the Predecessor Fund as of April 30, 2022, for the period from May 14, 2021 to April 30, 2022 have been audited by Tait, Weller & Baker LLP. Unaudited financial statements of the Predecessor Fund as of July 31, 2022 are also provided.

APPENDIX A — PROXY VOTING POLICIES AND PROCEDURES

Monachil Capital Partners LP

PROXY VOTING POLICY AND PROCEDURES

Adopted: April 2022

I. STATEMENT OF POLICY

Proxy voting is an important right of shareholders, and the Adviser must undertake reasonable care and diligence to ensure that such rights are properly and timely exercised. When the Adviser has discretion to vote its Clients' proxies, it will vote those proxies according to its Clients' best interests to maximize shareholder value and in accordance with these policies and procedures. For purposes of this policy, "proxies" are deemed to include the exercise of voluntary corporate actions, class actions and other rights.

II. PROXY VOTING PROCEDURES

The CCO, a Delegate or a third party retained by the Adviser to assist in coordinating and voting proxies will:

- A. determine which accounts managed by the Adviser hold the security to which the proxy relates;
- B. determine whether any material conflict of interest exists that would inhibit the Adviser's ability to vote the proxies objectively and in the best interest of the Client(s); and
- C. complete the proxy form and mail or electronically submit it in a timely and appropriate manner.

To determine whether a material conflict of interest exists, the Adviser should attempt to consider all factors related to a proxy vote that could affect the value of the investment. If a material conflict of interest exists, the Adviser will give the Client(s) the opportunity to vote the proxies themselves.

III. VOTING GUIDELINES

Absent specific voting guidelines from Clients, the Adviser will vote proxies in the best interest of each particular Client, which may result in different voting results for proxies for the same issuer.

For other proposals, the Adviser should determine whether a proposal is in its Clients' best interests and may consider the following factors, among others:

- A. whether the proposal was recommended by management and the Adviser's opinion of management;
- B. whether the proposal acts to entrench existing management; and
- C. whether the proposal fairly compensates management for past and future performance.

The Adviser may refrain from voting a proxy (a) if the Adviser determines it is not in the best interest(s) of its Client(s), (b) if the security is not held as of the record date or (c) if the Adviser determines there is insufficient benefit to voting the proxy.

IV. RECORDKEEPING

The CCO, a delegate, or a third party retained by the Adviser will maintain files relating to the Adviser's proxy voting procedures in an easily accessible place, and Clients may obtain such files from the Adviser by submitting a written request. The party responsible for maintaining such files will keep a record of each proxy statement received, how the Adviser voted each proxy, and any document the Adviser created that was material to its voting decision or that memorializes such decision.

V. CLASS ACTION LAWSUITS

From time to time, securities held in the accounts of Clients will be the subject of class action lawsuits. The Adviser has no obligation to determine if securities held by the Client are subject to a pending or resolved

class action lawsuit. It also has no duty to evaluate a Client's eligibility or to submit a claim to participate in the proceeds of a securities class action settlement or verdict. Furthermore, the Adviser has no obligation or responsibility to initiate litigation to recover damages on behalf of Clients who may have been injured because of actions, misconduct, or negligence by corporate management of issuers whose securities are held by Clients.

Where the Adviser receives written or electronic notice of a class action lawsuit, settlement, or verdict directly relating to a Client account, it will forward all notices, proof of claim forms, and other materials, to the Client. Electronic mail is acceptable where appropriate if the Client has authorized contact in this manner.

APPENDIX B — FINANCIAL STATEMENTS

MONACHIL CREDIT INCOME FUND

Financial Statements

October 5, 2022

MONACHIL CREDIT INCOME FUND

October 5, 2022

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

**To the Shareholder and the Board of Trustees
 Of Monachil Credit Income Fund**

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Monachil Credit Income Fund (the “Fund”) as of October 5, 2022, the related statement of operations for the period June 3, 2021 (date of organization) to October 5, 2022 and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of October 5, 2022, and the results of its operations for the period June 3, 2021 to October 5, 2022, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund’s management. Our responsibility is to express an opinion on the Fund’s financial statements based on our audit. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We have served as the auditor of the Fund since 2022.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audit we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Fund’s internal control over financial reporting. Accordingly, we express no such opinion.

Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Tait, Weller & Baker LLP
 TAIT, WELLER & BAKER LLP

**Philadelphia, Pennsylvania
 October 19, 2022**

MONACHIL CREDIT INCOME FUND

Statement of Assets and Liabilities

October 5, 2022

| | |
|--|------------------|
| Assets | |
| Cash | \$101,000 |
| Receivable from Adviser (See Note 2) | 106,146 |
| Deferred offering costs (See Note 2) | <u>309,392</u> |
| Total Assets | <u>516,538</u> |
| Liabilities | |
| Offering costs and organizational costs payable to Adviser (See Note 2) | 273,875 |
| Offering costs payable to UMB Fund Services (See Note 2) | 32,731 |
| Offering costs payable to Wolf River INV LLC (See Note 2) | 700 |
| Payable for offering costs (See Note 2) | 68,284 |
| Payable for organizational costs (See Note 2) | <u>39,948</u> |
| Total Liabilities | <u>415,538</u> |
| Net Assets | <u>\$101,000</u> |
| Components of Net assets: | |
| Paid-in capital | \$101,000 |
| Net Assets | <u>\$101,000</u> |
| Net assets attributable to: | |
| Class I shares (unlimited shares authorized and 10,100 shares issued and outstanding) | <u>\$101,000</u> |
| Net asset value per share: | |
| Class I shares | <u>\$ 10.00</u> |

See Notes to Financial Statements.

MONACHIL CREDIT INCOME FUND

Statement of Operations

For the Period June 3, 2021 (Date of Organization) to October 5, 2022

| | |
|---|---------------------------|
| Income | |
| Investment income | \$ — |
| Expenses | |
| Organizational costs | 106,146 |
| Less: Reimbursement from the Adviser | <u>(106,146)</u> |
| Net Expenses | <u>—</u> |
| Net Investment Income (Loss) | <u>—</u> |
| Net Investment Income and Net Increase in Net Assets Resulting from Operations | <u><u>\$ —</u></u> |

See Notes to Financial Statements.

MONACHIL CREDIT INCOME FUND

Notes to Financial Statements

1. Organization

Monachil Credit Income Fund (the “Fund”) is a Delaware statutory trust registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”) as a non-diversified, closed-end management investment company. The Fund operates under an Amended and Restated Agreement and Declaration of Trust dated July 13, 2022. The Fund intends to operate as an interval fund. Monachil Capital Partners LP serves as the investment adviser (the “Adviser” or “Investment Manager”) of the Fund. The Fund has been inactive since the date it was organized except for matters relating to the Fund’s establishment, designation, and registration of the Fund’s shares of beneficial interest (“Shares”) and the sale of 10,100 Shares (“Initial Shares”) for \$101,000 to Ali Meli. The Fund’s investment objective is to provide investors with current income and attractive risk adjusted returns with relatively low correlation to the public equity and fixed income markets. The Fund seeks to achieve its investment objective by investing in instruments that are not included in major fixed income indexes, including high yield and investment grade indexes.

The Fund may seek to provide exposure to certain securities that are not freely tradable in the U.S., such as Regulation S securities, that can only be purchased or held by a non-U.S. person or where it may be advantageous for the security or asset to be purchased or held by a non-U.S. person (“other restricted non-U.S. securities”) by investing through Wolf River Cayman, Ltd. (the “Subsidiary”), a wholly owned subsidiary of the Fund, which will invest in such securities.

Simultaneous with the Fund beginning to accept offers to purchase Shares (“Commencement of Operations”), Wolf River INV LLC (the “Predecessor Fund”), reorganized with and transferred substantially all its assets into the Fund. The Predecessor Fund maintains an investment objective, strategies and investment policies, guidelines and restrictions that are, in all material respects, equivalent to those of the Fund.

The Fund offers two separate classes of Shares designated as Class A (“Class A Shares”) and Class I (“Class I Shares”). Class A Shares and Class I Shares are subject to different fees and expenses. Only Class I Shares have been issued as of October 5, 2022.

Class A Shares of the Fund may be subject to a sales charge of up to 5.75% of the subscription amount. There is no sales charge imposed on Class I Shares.

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standard Codification Topic 946 “Financial Services — Investment Companies”.

2. Accounting Policies

Basis of Preparation and Use of Estimates

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The preparation of the financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement, as well as reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from these estimates.

Organizational and Offering Costs

Organizational costs consist of the costs of forming the Fund, drafting of bylaws, administration, custody and transfer agency agreements, legal services in connection with the initial meeting of trustees and the Fund’s seed audit costs. Offering costs consist of the costs of preparation, review and filing with the SEC the Fund’s registration statement (including this Prospectus and the Statement of Additional

MONACHIL CREDIT INCOME FUND

Notes to Financial Statements

Information), the costs of preparation, review and filing of any associated marketing or similar materials, the costs associated with the printing, mailing or other distribution of the Prospectus, Statement of Additional Information and/or marketing materials, and the amounts of associated filing fees and legal fees associated with the offering. The aggregate amount of the organizational costs and offering costs as of the date of the accompanying financial statements are estimated to be approximately \$106,146 and \$309,392, respectively.

The Fund will bear its organizational costs and offering costs. Prior to the commencement of operations of the Fund, the Adviser, UMB Fund Services, Inc. and Wolf River INV LLC have paid or reimbursed the Fund's organizational costs, offering costs and any additional costs incurred. Organizational costs incurred by the Fund will be reimbursed by the Adviser and are subject to recoupment by the Adviser in accordance with the Fund's expense limitation agreement discussed in Note 3. Offering costs, which are also subject to the Fund's expense limitation agreement discussed in Note 3, are accounted for as a deferred charge until Fund shares are offered to the public and will thereafter, be amortized to expense over twelve months on a straight-line basis.

Fair Value Measurements

The Administrator calculates the Fund's NAV on each business day, as of the close of regular trading on the New York Stock Exchange ("NYSE") (normally, 4:00 p.m., Eastern time). Each time the Fund calculates its NAV, it will accrue as a liability any amounts owed to the Adviser as payment for incentive fees, which could vary over time. Class I shares are offered at NAV. During the continuous offering, the price of the Shares will increase or decrease on a daily basis according to the NAV of the Shares.

The Fund's NAV per Share is calculated, on a per class basis, by dividing the value of the Fund's total assets (the value of the securities the Fund holds plus cash or other assets, including interest accrued but not yet received), less accrued expenses of the Fund, less the Fund's other liabilities by the total number of shares outstanding.

The Board has approved valuation procedures for the Fund (the "Valuation Procedures"). Pursuant to the Valuation Procedures, in computing NAV, portfolio securities of the Fund are valued at their current market values determined on the basis of market quotations. If market quotations are not readily available (collectively, "Fair Valued Securities"), securities are valued at fair value as determined by the Board of Trustees' valuation designee (the Adviser) pursuant to Rule 2a-5 under the 1940 Act. As a general matter, fair value represents the amount that the Fund could reasonably expect to receive if the Fund's investment in the security were sold at the time of valuation, based on information reasonably available at the time the valuation is made and that the Adviser believes to be reliable. As the valuation designee, the Adviser acts under the Board of Trustees' oversight. Fair valuation policies and procedures are approved by the Board of Trustees. Fair valuation involves subjective judgments, and it is possible that the fair value determined for a security may differ materially from the value that could be realized upon the sale of the security.

Fair Valued Securities are difficult to value, particularly to the extent that their underlying investments are not publicly traded. In the event a Fair Valued Security issuer does not report a value to the Fund on a timely basis, the Adviser determines the fair value of such Fair Valued Security based on the most recent value reported by the issuer of the Fair Valued Security, as well as any other relevant information available at the time the Fund values its investments. In the absence of specific transaction activity in a particular Fair Valued Security, the Adviser will consider whether it is appropriate, in light of all relevant circumstances, to value the Fund's investment in such Fair Valued Security at the NAV reported by the Fair Valued Security issuer at the time of valuation or to adjust the value to reflect a premium or discount.

There is no single standard for determining fair value of a security. Rather, the fair value determinations involve significant professional judgment in the application of both observable and unobservable attributes, and as a result, the calculated NAVs of the Fair Valued Securities' assets may differ from their actual realizable value or future fair value. In determining the fair value of a security for which there are no readily available market quotations, the Adviser may consider several factors, including fundamental analytical data relating to the investment in the security, the nature and duration of any restriction on the disposition

MONACHIL CREDIT INCOME FUND

Notes to Financial Statements

of the security, the cost of the security at the date of purchase, the liquidity of the market for the security as well as overall market information and the prices of a group of similar assets. The Adviser may also consider periodic financial statements (audited and unaudited) or other information provided by the issuer to investors or prospective investors. As part of its due diligence of Fair Valued Security investments, the Adviser will attempt to obtain current information on an ongoing basis from market sources, asset managers and/or issuers to value all Fair Valued Securities. However, it is anticipated that portfolio holdings and other value information of the Fair Valued Securities could be available on no more than a quarterly basis. Based on its review of all relevant information, the Adviser may conclude in certain circumstances that the information provided by the asset manager and/or issuer of a Fair Valued Security does not represent the fair value of the Fund's investment in such security. Private funds that invest primarily in publicly traded securities are more easily valued because the values of their underlying investments are based on market quotations.

Before investing in any Fair Valued Security, the Adviser will conduct a due diligence review of the valuation methodology utilized by the issuer of the Fair Valued Security, which as a general matter will utilize market values when available, and otherwise utilize principles of fair value that the Adviser reasonably believes to be consistent with those used by the Fund for valuing its own investments. After investing in a Fair Valued Security, the Adviser will monitor the valuation methodology used by the asset manager and/or issuer of the Fair Valued Security.

Fixed-income securities with a remaining maturity of sixty (60) days or more for which accurate market quotations are readily available will normally be valued according to dealer-supplied bid quotations or bid quotations from a recognized pricing service. Fixed-income securities for which market quotations are not readily available or are believed by the Adviser not to reflect market value will be valued based upon broker-supplied quotations in accordance with the Valuation Procedures, provided that if such quotations are unavailable or are believed by the Adviser or not to reflect market value, such fixed-income securities will be valued at fair value in accordance with the Valuation Procedures, which may include the utilization of valuation models that take into account spread and daily yield changes on government securities in the appropriate market (e.g., matrix pricing). High quality investment grade debt securities (e.g., treasuries, commercial paper, etc.) with a remaining maturity of sixty (60) days or less are valued by the Adviser at amortized cost, which the Board has determined to approximate fair value. All other instruments held by the Fund will be valued in accordance with the Valuation Procedures.

If no price is obtained for a security in accordance with the foregoing, because either an external price is not readily available or such external price is believed by the Adviser not to reflect the market value, the Valuation Committee will make a determination in good faith of the fair value of the security in accordance with the Valuation Procedures. In general, fair value represents a good faith approximation of the current value of an asset and will be used when there is no public market or possibly no market at all for the asset. The fair values of one or more assets may not be the prices at which those assets are ultimately sold and the differences may be significant.

Federal Income Taxes

The Fund has elected to be treated and intends to qualify as a regulated investment company (a "RIC") for federal income tax purposes. As a RIC, the Fund will generally not be subject to federal corporate income tax, provided that when it is a RIC, it distributes out all of its income and gains each year. Prior to the Fund reaching \$60 million in assets, however, the Fund may not satisfy the diversification requirements necessary to qualify as a RIC under the Internal Revenue Code.

If the Fund is unable to qualify for treatment as a RIC, the Fund would be subject to U.S. federal income tax on all of its net taxable income at regular corporate rates. The Fund would not be able to deduct distributions to Shareholders, nor would they be required to be made. Distributions would generally be taxable to non-corporate Shareholders as ordinary dividend income eligible for the reduced rates of U.S. federal income tax to the extent of the Fund's current and accumulated earnings and profits. Subject to certain

MONACHIL CREDIT INCOME FUND

Notes to Financial Statements

limitations under the Code, corporate U.S. Shareholders would be eligible for the dividends received deduction. Distributions in excess of the Fund's current and accumulated earnings and profits would be treated first as a return of capital to the extent of the shareholder's tax basis, and any remaining distributions would be treated as a capital gain. If the Fund were to fail to meet the RIC requirements in its first taxable year or, with respect to later years, for more than two consecutive years, and then to seek to requalify as a RIC, the Fund would be required to recognize gain to the extent of any unrealized appreciation in its assets unless the Fund made a special election to pay corporate-level tax on any such unrealized appreciation recognized during the succeeding ten year period.

Accounting for Uncertainty in Income Taxes (the "Income Tax Statement") requires an evaluation of tax positions taken (or expected to be taken) in the course of preparing a Fund's tax returns to determine whether these positions meet a "more-likely-than-not" standard that, based on the technical merits, have a more than fifty percent likelihood of being sustained by a taxing authority upon examination. A tax position that meets the "more-likely-than-not" recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations.

The Income Tax Statement requires management of the Fund to analyze tax positions taken in the prior three open tax years, if any, and tax positions expected to be taken in the Fund's current tax year, as defined by the IRS statute of limitations for all major jurisdictions, including federal tax authorities and certain state tax authorities. For the Period from June 3, 2021 (Date of Organization) to October 5, 2022, the Fund did not have a liability for any unrecognized tax benefits. The Fund has no examination in progress and is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

Indemnifications

In the normal course of business, the Fund enters into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund expects the risk of loss to be remote.

3. Agreements

The Fund entered into an Investment Management Agreement (the "Agreement") with the Investment Manager. Under the terms of the Agreement, the Fund pays the Investment Manager an investment management fee (the "Management Fee") that consists of two components: (i) an advisory fee (the "Advisory Fee"), and (ii) an incentive fee (the "Incentive Fee"). The Fund pays the Investment Manager a monthly Advisory Fee equal to 1.25% on an annualized basis of the Fund's average daily Managed Assets for the period. The Advisory Fee is paid to the Adviser out of the Fund's assets and decreases the net profits or increases the net losses of the Fund.

The Advisory Fee will be paid to the Investment Manager before giving effect to any repurchase of Shares of the Fund effective as of that date and will decrease the net profits or increase the net losses of the Fund that are credited to its Shareholders. The Advisory Fee will be accrued daily and will be due and payable monthly in arrears within ten (10) Business Days after the end of the month.

The Incentive Fee is calculated and payable quarterly in arrears based upon the Fund's "pre-incentive fee net investment income" for the immediately preceding fiscal quarter. The Incentive Fee is subject to a hurdle rate, expressed as a rate of return on the Fund's "adjusted capital," equal to 1.50% per quarter (or an annualized hurdle rate of 6.00%), subject to a "catch-up" feature. For this purpose, "pre-incentive fee net investment income" means interest income, dividend income and any other income accrued during the fiscal quarter, minus the Fund's operating expenses for the quarter, not including distribution and/or shareholder servicing fees (if any) applicable to each class, litigation or any other extraordinary expenses accrued during the fiscal quarter. For such purposes, the Fund's operating expenses will include the Advisory Fee and

MONACHIL CREDIT INCOME FUND

Notes to Financial Statements

expenses reimbursed to the Investment Manager under expense limitation agreement, but will exclude the Incentive Fee. “Adjusted capital” means the cumulative gross proceeds received by the Fund from the sale of Fund Shares reduced by amounts paid in connection with purchases of Fund Shares pursuant to the Fund’s share repurchase program

The portion of the Fund’s pre-incentive fee net investment income which exceeds the hurdle rate but is less than or equal to 1.765% is referred to as the “catch-up.” The “catch-up” provision is intended to provide the Investment Manager with an incentive fee of 15% on all of the Fund’s pre-incentive fee net investment income when the Fund’s pre-incentive fee net investment income reaches 1.765% of adjusted capital in any fiscal quarter; and 15% of the Fund’s pre-incentive fee net investment income, if any, that exceeds 1.765% in any fiscal quarter is payable to the Investment Manager once the hurdle rate is reached and the catch-up is achieved.

The calculation of the Incentive Fee for each fiscal quarter is as follows:

No Incentive Fee is payable in any fiscal quarter in which the Fund’s pre-incentive fee net investment income does not exceed the quarterly hurdle rate of 1.50%;

100% of the Fund’s pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than or equal to 1.765% in any fiscal quarter (7.06% annualized) is payable to the Investment Manager and 15% of the Fund’s pre-incentive fee net investment income, if any, that exceeds 1.765% in any fiscal quarter (7.06% annualized) is payable to the Investment Manager once the hurdle rate is reached and the catch-up is achieved, (15% of all the Fund’s pre-incentive fee net investment income thereafter is allocated to the Investment Manager).

The Investment Manager has entered into an expense limitation and reimbursement agreement (the “Expense Limitation and Reimbursement Agreement”) with the Fund, whereby the Investment Manager has agreed to waive fees that it would otherwise have been paid, and/or to assume expenses of the Fund (a “Waiver”), if required to ensure the Total Annual Expenses (excluding the Management Fee, any taxes, fees and interest payments on borrowed funds, distribution or servicing fees, brokerage and distribution costs and expenses, acquired fund fees and expenses (as determined in accordance with SEC Form N-2), expenses incurred in connection with any merger or reorganization, and extraordinary or non-routine expenses, such as litigation expenses) do not exceed 0.50% of the average daily net assets of Class I Shares (the “Expense Limit”). Because Management Fees, taxes, fees and interest payments on borrowed funds, distribution or servicing fees, brokerage and distribution costs and expenses, acquired fund fees and expenses, expenses incurred in connection with any merger or reorganization, and extraordinary or non-routine expenses are excluded from the Expense Limit, Total Annual Expenses (after fee waivers and expense reimbursements) are expected to exceed 0.50% for Class I Shares. Additionally, under the Expense Limitation and Reimbursement Agreement, the Investment Manager has agreed to waive fees that it would otherwise have been paid, and/or to assume payment of any taxes that would be owed by the Fund due to an inability to qualify as a RIC under Subchapter M of the Code (“RIC Non-Qualification Taxes) up to a maximum of \$1 million in a tax year for Fund’s first two tax years or periods. For a period not to exceed three years from the date on which a Waiver is made, the Investment Manager may recoup amounts waived or assumed, provided it is able to effect such recoupment and remain in compliance with the Expense Limit in place at the time of the Waiver and the current Expense Limit. A waiver for RIC Non-Qualification Taxes is not subject to recoupment.

4. Other Agreements

Distribution and Services Agreement

Subject to the receipt of an exemptive order from the SEC, the Fund intends to adopt a Distribution and Service Plan with respect to Class A Shares in compliance with the requirements of Rule 12b-1 under the Investment Company Act. There is no assurance that the Fund will be granted the exemptive order. The Distribution and Service Plan will allow the Fund to pay distribution and servicing fees for the sale and

MONACHIL CREDIT INCOME FUND

Notes to Financial Statements

servicing of its Class A Shares. Under the Distribution and Service Plan, the Fund will be permitted to pay as compensation up to 0.25% on annualized basis of the aggregate net assets of the Fund attributable Class A Shares (the “Class A Distribution and/or Service Fee”) to the Fund’s Distributor and/or qualified recipients under the Distribution and Service Plan which are generally any registered securities dealer, financial institution or any other person who renders assistance in distributing or promoting the sale of Class A Shares, or who provides certain shareholder services, pursuant to a written agreement. Because these fees are paid out of the Fund’s assets on an ongoing basis, over time these fees will increase the cost of an investment and may cost more than paying other types of sales charges. Class A Shares will not be offered until the Fund has received an exemptive order from the SEC permitting the adoption of the Distribution and Service Plan. Class I Shares are not subject to distribution and/or shareholder servicing fees.

Fund Administration Agreement

The Fund has retained the administrator, UMB Fund Services, Inc. (the “Administrator”) to provide administrative services, and to assist with operational needs. In consideration for these services, the Administrator earns and is paid monthly in an amount equal to at least 1/12th of the applicable annual fee calculated based upon the average net asset value of the Fund, subject to a monthly minimum fee (the “Administration Fee”). The Administration Fee is paid to the Administrator out of the assets of the Fund and therefore decreases the net profits or increases the net losses of the Fund. The Administrator is also reimbursed by the Fund for out-of-pocket expenses relating to services provided to the Fund and receives a fee for transfer agency services. The Administration Fee and the other terms of the Administration Agreement may change from time to time as may be agreed to by the Fund and the Administrator.

5. Subsequent Events

The Fund have adopted financial reporting rules regarding subsequent events which require an entity to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet. Management has evaluated the Fund’s related events and transactions that occurred through the date of issuance of the Fund’s financial statements. There were no events or transactions that occurred during this period that materially impacted the amounts or disclosures in the Fund’s financial statements.

Wolf River INV LLC

Consolidated Financial Statements

For the Period May 14, 2021 Through April 30, 2022

Wolf River INV LLC

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For the Period May 14, 2021 Through April 30, 2022**

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Report of Independent Certified Public Accountants

To the Managing Member of Wolf River INV LLC

Opinion

We have audited the accompanying consolidated financial statements of Wolf River INV LLC, which comprise the consolidated statement of assets and liabilities, including the consolidated schedule of investments, as of April 30, 2022, and the related consolidated statements of operations, changes in members' equity, and cash flows for the period May 14, 2021 (commencement of operations) through April 30, 2022 and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wolf River INV LLC as of April 30, 2022, and the results of its operations, changes in its members' capital, and its cash flows for the period May 14, 2021 through April 30, 2022 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Wolf River INV LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Wolf River INV LLC's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Managing Member of Wolf River INV LLC

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Wolf River INV LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Wolf River INV LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



TAIT, WELLER & BAKER LLP

Philadelphia, Pennsylvania
September 9, 2022

Wolf River INV LLC
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of April 30, 2022

| <u>Principal Amount⁽¹⁾</u> | | <u>Value</u> |
|---|---|---------------------|
| | Fixed Income Securities – 77.01% | |
| | Luxembourg – 64.19% | |
| 8,700,000 | AAFS Securitisation SA 15.00%, 9/26/25 | \$ 9,178,183 |
| | Receivable Claim Portfolios – 12.82% | |
| 540,232 | Pool of Trade Receivables Purchase Deed No. 1 6/12/2022 | 417,255 |
| 192,990 | Pool of Trade Receivables Purchase Deed No. 2 6/12/2022 | 143,364 |
| 494,076 | Pool of Trade Receivables Purchase Deed No. 3 6/26/2022 | 378,743 |
| 154,249 | Pool of Trade Receivables Purchase Deed No. 4 7/1/2022 | 116,393 |
| 231,104 | Pool of Trade Receivables Purchase Deed No. 5 7/11/2022 | 173,531 |
| 455,547 | Pool of Trade Receivables Purchase Deed No. 6 7/18/2022 | 340,796 |
| 349,595 | Pool of Trade Receivables Purchase Deed No. 7 8/24/2022 | 262,751 |
| | | 1,832,833 |
| | TOTAL FIXED INCOME SECURITIES (Cost \$12,409,101) | 11,011,016 |
| | TOTAL INVESTMENTS – 77.01% (Cost \$12,409,101) | 11,011,016 |
| | Other Assets in Excess of Liabilities – 22.99% ⁽²⁾ | 3,287,448 |
| | TOTAL MEMBER'S EQUITY – 100.00% | \$14,298,464 |

(1) Local Currency

(2) Includes Cash, Cash equivalents, Unrealized appreciation on forward foreign currency exchange contracts, Dividends and interest, and Total liabilities.

See accompanying Notes to Financial Statements.

Wolf River INV LLC
CONSOLIDATED SCHEDULE OF INVESTMENTS — Continued
As of April 30, 2022

FORWARD FOREIGN CURRENCY CONTRACTS

| <u>Sale Contracts</u> | <u>Counterparty</u> | <u>Currency Exchange</u> | <u>Settlement Date</u> | <u>Currency Amount Sold</u> | <u>Notional Value</u> | <u>Value at April 30, 2022</u> | <u>Unrealized Appreciation (Depreciation)</u> |
|-----------------------|---------------------|--------------------------|------------------------|-----------------------------|------------------------------|--------------------------------|---|
| Euro | First Republic Bank | EUR per USD | May 10, 2022 | (1,000,000) | \$ (1,142,100) | \$ (1,055,462) | \$ 86,638 |
| Euro | Alpha FX | EUR per USD | May 12, 2022 | (900,000) | (1,044,738) | (949,997) | 94,741 |
| Euro | Alpha FX | EUR per USD | May 12, 2022 | (1,500,000) | (1,741,230) | (1,583,328) | 157,902 |
| Euro | Alpha FX | EUR per USD | May 18, 2022 | (3,000,000) | (3,318,000) | (3,167,473) | 150,527 |
| Euro | Alpha FX | EUR per USD | June 9, 2022 | (1,500,000) | (1,690,200) | (1,585,749) | 104,451 |
| Euro | First Republic Bank | EUR per USD | June 13, 2022 | (900,000) | (981,720) | (951,643) | 30,077 |
| Euro | Alpha FX | EUR per USD | June 24, 2022 | (480,000) | (530,016) | (507,827) | 22,189 |
| Euro | Alpha FX | EUR per USD | July 14, 2022 | (641,572) | (700,000) | (679,602) | 20,398 |
| Euro | Alpha FX | EUR per USD | September 26, 2022 | (1,000,000) | (1,091,280) | (1,064,878) | 26,402 |
| Euro | Alpha FX | EUR per USD | October 11, 2022 | (400,000) | (439,400) | (426,352) | 13,048 |
| | | | | | <u>\$(12,678,684)</u> | <u>\$(11,972,311)</u> | <u>\$706,373</u> |

EUR — Euro

See accompanying Notes to Financial Statements.

Wolf River INV LLC
CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES
As of April 30, 2022

| | |
|--|-----------------------------|
| Assets: | |
| Investments, at value (cost \$12,409,101) | \$11,011,016 ⁽¹⁾ |
| Foreign currency, at value (cost \$1,325,017) | 1,304,539 |
| Cash | 879,741 |
| Cash deposited with broker | 487,600 |
| Receivables: | |
| Unrealized appreciation on forward foreign currency exchange contracts | 706,373 |
| Dividends and interest | 115,243 |
| Total assets | <u>14,504,512</u> |
| Liabilities: | |
| Payables: | |
| Foreign currency reserve held for pool of trade receivables (cost \$157,494) | 154,620 |
| Advisory fees | 13,979 |
| Accrued other expenses | 37,449 |
| Total liabilities | <u>206,048</u> |
| Member's Equity | <u>14,298,464</u> |
| Total Liabilities and Member's Equity | <u><u>\$14,504,512</u></u> |

(1) Includes a payable of \$386,853 of receivable claim portfolios due to pool of trade receivables.

See accompanying Notes to Financial Statements.

Wolf River INV LLC
CONSOLIDATED STATEMENT OF OPERATIONS
For the Period May 14, 2021* Through April 30, 2022

| | |
|---|--------------------------|
| Investment Income: | |
| Interest | 1,364,967 |
| Total investment income | <u>1,364,967</u> |
| Expenses: | |
| Incentive fees | 156,161 |
| Advisory fees | 136,137 |
| Auditing fees | 25,000 |
| Legal fees | 22,432 |
| Fund accounting fees | 21,252 |
| Custody fees | 3,946 |
| Shareholder reporting fees | 329 |
| Miscellaneous | 1,973 |
| Total expenses | <u>367,230</u> |
| Advisory fees waived and other expenses absorbed | <u>(20,477)</u> |
| Net expenses | <u>346,753</u> |
| Net investment income (loss) | <u><u>1,018,214</u></u> |
| Realized and Unrealized Gain (Loss) on Investments | |
| Net realized gain (loss) on: | |
| Investments | (3,131) |
| Foreign currency transactions | 680,355 |
| Net realized gain (loss) | <u>677,224</u> |
| Net change in unrealized appreciation/depreciation on: | |
| Investments | (1,398,085) |
| Forward contracts | 706,373 |
| Foreign currency translations | (20,352) |
| Net change in unrealized appreciation/depreciation | <u>(712,064)</u> |
| Net realized and unrealized gain (loss) on investments | <u>(34,840)</u> |
| Net Income | <u><u>\$ 983,374</u></u> |

* Commencement of Operations

See accompanying Notes to Financial Statements.

Wolf River INV LLC
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the Period May 14, 2021 Through April 30, 2022

| | Capital | Retained Earnings | Total |
|------------------------------------|----------------|------------------------------|--------------|
| Beginning Balance | \$ — | \$ — | \$ — |
| Capital Contributions | 14,200,000 | — | 14,200,000 |
| Net Income | — | 983,374 | 983,374 |
| Distributions | — | (884,910) | (884,910) |
| Ending Balance | 14,200,000 | 98,464 | 14,298,464 |

* Commencement of Operations

See accompanying Notes to Financial Statements.

Wolf River INV LLC
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Period May 14, 2021* Through April 30, 2022

Increase (Decrease) in Cash:

| | |
|---|---------------------|
| Cash flows provided by (used for) operating activities: | |
| Net Income | \$ 983,374 |
| Adjustments to reconcile net income to net cash used for operating activities: | |
| Purchases of long-term portfolio investments | (10,526,794) |
| Purchases of short-term investments, net | (1,885,438) |
| Increase in foreign currency | (1,304,539) |
| Increase in dividends and interest receivable | (115,243) |
| Increase in foreign currency reserve held for pool of trade receivables | 154,620 |
| Increase in advisory fees | 13,979 |
| Increase in accrued expenses | 37,449 |
| Net realized gain (loss) | 3,131 |
| Net change in unrealized appreciation/depreciation | 691,712 |
| Net cash used for operating activities | <u>(11,947,749)</u> |
| Cash flows provided by (used for) financing activities: | |
| Proceeds from capital contributions by members | 14,200,000 |
| Dividends paid to shareholders, net of reinvestments | <u>(884,910)</u> |
| Net cash provided by financing activities | <u>13,315,090</u> |
| Net increase (decrease) in cash | 1,367,341 |
| Cash: | |
| Beginning of period | <u>—</u> |
| End of period | <u>\$ 1,367,341</u> |
| End of Period Cash Balances: | |
| Cash | 879,741 |
| Cash deposited with broker for securities sold short | <u>487,600</u> |
| End of Period | <u>\$ 1,367,341</u> |

* Commencement of Operations

See accompanying Notes to Financial Statements.

Wolf River INV LLC
Notes to Consolidated Financial Statements
April 30, 2022

Note 1 — Organization

Wolf River INV LLC (“Fund”) is organized as an unregistered Delaware limited liability company.

Monachil Capital Partners LP serves as the investment adviser (the “Investment Manager”) of the Fund. The Investment Manager is an investment adviser registered with the Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended.

The Fund’s primary investment objective is to provide investors with current income and attractive risk adjusted returns with relatively low correlation to the public equity and fixed income markets. The Fund commenced investment operations on May 14, 2021.

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standard Codification Topic 946 “Financial Services — Investment Companies”.

(a) Consolidation of Subsidiary

The Fund may seek to provide exposure to certain securities that are not freely tradeable in the U.S., such as Regulation S securities, as well as certain other securities that can only be purchased or held by a non-U.S. person or where it may be advantageous for the asset to be held by a non-U.S. person (“other restricted non-U.S. securities”) by investing through Wolf River Cayman, Ltd. (the “Subsidiary”), a wholly-owned subsidiary of the Fund, which will invest in Regulation S securities and other restricted non-U.S. securities. . Regulation S securities are debt or equity securities of U.S. and foreign issuers offered through private offerings exempt from registration with the SEC pursuant to Regulation S of the Securities Act of 1933, as amended. Offerings of Regulation S securities may be conducted outside of the United States, and Regulation S securities may be relatively less liquid as a result of legal or contractual restrictions on resale. The consolidated Schedule of Investments, Statement of Assets and Liabilities, Statement of Operations, Statements of Changes in Net Assets and Financial Highlights of the Fund include the accounts of the Subsidiary. All inter-company accounts and transactions have been eliminated in the consolidation for the Fund. The Subsidiary is advised by the Investment Manager and has the same investment objective as the Fund. The Subsidiary may also hold cash and invest in other instruments, including fixed-income investments, that are not Regulation S securities or other restricted non-U.S. securities, either as investments or to serve as margin or collateral for the Subsidiary’s Regulation S or other restricted non-U.S securities positions.

Note 2 — Accounting Policies

The following is a summary of the significant accounting policies consistently followed by the Fund in the preparation of their financial statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates.

(a) Valuation of Investments

Securities traded on one or more of the U.S. national securities exchanges, the Nasdaq Stock Market or any foreign stock exchange will be valued at the last sale price or the official closing price on the exchange or system where such securities are principally traded for the business day as of the relevant Determination Date. If no sale or official closing price of particular securities are reported on a particular day, the securities will be valued at the closing bid price for securities held long, or the closing ask price for securities held short, or if a closing bid or ask price, as applicable, is not available, at either the exchange or system-defined closing price on the exchange or system in which such securities are principally traded. Over-the-counter securities not quoted on the Nasdaq Stock Market will be valued at the last sale price on the relevant

Wolf River INV LLC

Notes to Consolidated Financial Statements — Continued

April 30, 2022

Determination Date or, if no sale occurs, at the last bid price, in the case of securities held long, or the last ask price, in the case of securities held short, at the time net asset value is determined. Equity securities for which no prices are obtained under the foregoing procedures, including those for which a pricing service supplies no exchange quotation or a quotation that is believed by the Investment Manager not to reflect the market value, will be valued at the bid price, in the case of securities held long, or the ask price, in the case of securities held short, supplied by one or more dealers making a market in those securities or one or more brokers, in accordance with the Valuation Procedures.

Fixed-income securities with a remaining maturity of sixty (60) days or more for which accurate market quotations are readily available will normally be valued according to dealer-supplied bid quotations or bid quotations from a recognized pricing service. Fixed-income securities and receivable claim portfolios for which market quotations are not readily available or are believed by the Investment Manager not to reflect market value will be valued based upon broker-supplied quotations, provided that if such quotations are unavailable or are believed by the Investment Manager not to reflect market value, such fixed-income securities will be valued at fair value, which may include the utilization of valuation models that take into account spread and daily yield changes on government securities in the appropriate market (e.g., matrix pricing). High quality investment grade debt securities (e.g., treasuries, commercial paper, etc.) and receivable claim portfolios with a remaining maturity of sixty (60) days or less are valued by the Investment Manager at amortized cost, which the Board has determined to approximate fair value. All other instruments held by the Fund will be valued in accordance with the Valuation Procedures.

If no price is obtained for a security in accordance with the foregoing, because either an external price is not readily available or such external price is believed by the Investment Manager not to reflect the market value, the Valuation Committee will make a determination in good faith of the fair value of the security. In general, fair value represents a good faith approximation of the current value of an asset and will be used when there is no public market or possibly no market at all for the asset. The fair values of one or more assets may not be the prices at which those assets are ultimately sold and the differences may be significant.

(b) Foreign Currency Translation

The Fund's records are maintained in U.S. dollars. The value of securities, currencies and other assets and liabilities denominated in currencies other than U.S. dollars are translated into U.S. dollars based upon foreign exchange rates prevailing at the end of the reporting period. The currencies are translated into U.S. dollars by using the exchange rates quoted as of 4:00PM Eastern Standard Time. Purchases and sales of investment securities, income and expenses are translated on the respective dates of such transactions.

The Fund does not isolate that portion of its net realized and unrealized gains and losses on investments resulting from changes in foreign exchange rates from the impact arising from changes in market prices. Such fluctuations are included with net realized and unrealized gain or loss from investments and foreign currency.

Net realized foreign currency transaction gains and losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the differences between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign currency translation gains and losses arise from changes in the value of assets and liabilities, other than investments in securities, resulting from changes in the exchange rates.

(c) Forward Foreign Currency Exchange Contracts

The Fund may utilize forward foreign currency exchange contracts ("forward contracts") under which they are obligated to exchange currencies on specified future dates at specified rates, and are subject to the translations of foreign exchange rates fluctuations. All contracts are "marked-to-market" daily and any resulting unrealized gains or losses are recorded as unrealized appreciation or depreciation on foreign

Wolf River INV LLC

Notes to Consolidated Financial Statements — Continued

April 30, 2022

currency translations. The Fund record realized gains or losses at the time the forward contract is settled. Counter parties to these forward contracts are major U.S. financial institutions.

(f) Investment Transactions, Investment Income and Expenses

Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on the identified cost basis. Dividend income is recorded net of applicable withholding taxes on the ex-dividend date and interest income is recorded on an accrual basis. Discounts or premiums on debt securities are accreted or amortized to interest income over the lives of the respective securities using the effective interest method.

(g) Federal Income Taxes

The Fund intends to comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its net investment income and any net realized gains to its shareholders. Therefore, no provision is made for federal income or excise taxes. Due to the timing of dividend distributions and the differences in accounting for income and realized gains and losses for financial statement and federal income tax purposes, the fiscal year in which amounts are distributed may differ from the year in which the income and realized gains and losses are recorded by the Fund.

Accounting for Uncertainty in Income Taxes (the “Income Tax Statement”) requires an evaluation of tax positions taken (or expected to be taken) in the course of preparing the Fund’s tax returns to determine whether these positions meet a “more-likely-than-not” standard that, based on the technical merits, have a more than fifty percent likelihood of being sustained by a taxing authority upon examination. A tax position that meets the “more-likely-than-not” recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations.

The Income Tax Statement requires management of the Fund to analyze tax positions taken in the prior three open tax years, if any, and tax positions expected to be taken in the Funds current tax year, as defined by the IRS statute of limitations for all major jurisdictions, including federal tax authorities and certain state tax authorities. As of and during the period ended December 31, 2021, the Fund did not have a liability for any unrecognized tax benefits. The Fund have no examination in progress and are not aware of any tax positions for which they are reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

(h) Distributions to Shareholders

The Fund contemplates declaring as dividends each year all or substantially all of its taxable income.

Note 3 — Investment Advisory and Other Agreements

The Fund entered into an Investment Management Agreement (the “Agreement”) with the Investment Manager. Under the terms of the Agreement, the Fund pays the Investment Manager an investment management fee (the “Management Fee”) that consists of two components: (i) an advisory fee (the “Advisory Fee”), and (ii) an incentive fee (the “Incentive Fee”). The Fund pays the Investment Manager a monthly Advisory Fee equal to 1.25% on an annualized basis of the Fund’s average daily Managed Assets for the period. The Advisory Fee is paid to the Adviser out of the Fund’s assets and decreases the net profits or increases the net losses of the Fund.

The Advisory Fee will be paid to the Investment Manager before giving effect to any repurchase of Shares of the Fund effective as of that date and will decrease the net profits or increase the net losses of the Fund that are credited to its Shareholders. The Advisory Fee will be accrued daily and will be due and payable monthly in arrears within ten (10) Business Days after the end of the month.

Wolf River INV LLC

Notes to Consolidated Financial Statements — Continued

April 30, 2022

The Incentive Fee is calculated and payable quarterly in arrears based upon the Fund’s “pre-incentive fee net investment income” for the immediately preceding fiscal quarter. The Incentive Fee is subject to a hurdle rate, expressed as a rate of return on the Fund’s “adjusted capital,” equal to 1.50% per quarter (or an annualized hurdle rate of 6.00%), subject to a “catch-up” feature. For this purpose, “pre-incentive fee net investment income” means interest income, dividend income and any other income accrued during the fiscal quarter, minus the Fund’s operating expenses for the quarter. For such purposes, the Fund’s operating expenses will include the Advisory Fee, but will exclude the Incentive Fee. “Adjusted capital” means the cumulative gross proceeds received by the Fund from the sale of Fund Shares reduced by amounts paid in connection with purchases of Fund Shares pursuant to the Fund’s share repurchase program.

The portion of the Fund’s pre-incentive fee net investment income which exceeds the hurdle rate but is less than or equal to 1.765% is referred to as the “catch-up.” The “catch-up” provision is intended to provide the Investment Manager with an incentive fee of 15% on all of the Fund’s pre-incentive fee net investment income when the Fund’s pre-incentive fee net investment income reaches 1.765% of adjusted capital in any fiscal quarter; and 15% of the Fund’s pre-incentive fee net investment income, if any, that exceeds 1.765% in any fiscal quarter is payable to the Investment Manager once the hurdle rate is reached and the catch-up is achieved.

The calculation of the Incentive Fee for each fiscal quarter is as follows:

No Incentive Fee is payable in any fiscal quarter in which the Fund’s pre-incentive fee net investment income does not exceed the quarterly hurdle rate of 1.50%;

100% of the Fund’s pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than or equal to 1.765% in any fiscal quarter (7.06% annualized) is payable to the Investment Manager and 15% of the Fund’s pre-incentive fee net investment income, if any, that exceeds 1.765% in any fiscal quarter (7.06 annualized) is payable to the Investment Manager once the hurdle rate is reached and the catch-up is achieved, (15% of all the Fund’s pre-incentive fee net investment income thereafter is allocated to the Investment Manager).

The Investment Manager has entered into an expense limitation and reimbursement agreement (the “Expense Limitation and Reimbursement Agreement”) with the Fund, whereby the Investment Manager has agreed to waive fees that it would otherwise have been paid, and/or to assume expenses of the Fund (a “Waiver”), if required to ensure the Total Annual Expenses (excluding the Management Fee, any taxes, fees and interest payments on borrowed funds, distribution or servicing fees, brokerage and distribution costs and expenses, acquired fund fees and expenses (as determined in accordance with SEC Form N-2), expenses incurred in connection with any merger or reorganization, and extraordinary or non-routine expenses, such as litigation expenses) do not exceed 0.50% of the average daily net assets of Class A Shares (the “Expense Limit”). Because Management Fees, taxes, fees and interest payments on borrowed funds, distribution or servicing fees, brokerage and distribution costs and expenses, acquired fund fees and expenses, expenses incurred in connection with any merger or reorganization, and extraordinary or non-routine expenses are excluded from the Expense Limit, Total Annual Expenses (after fee waivers and expense reimbursements) are expected to exceed 0.50% for Class A Shares. Additionally, under the Expense Limitation and Reimbursement Agreement, the Investment Manager has agreed to waive fees that it would otherwise have been paid, and/or to assume payment of any taxes that would be owed by the Fund due to an inability to qualify as a RIC under Subchapter M of the Code (“RIC Non-Qualification Taxes) up to a maximum of \$1 million in a tax year for Fund’s first two tax years or periods.

UMB Fund Services, Inc. (“UMBFS”) serves as the Fund’s fund accountant, transfer agent and administrator; and UMB Bank, n.a., an affiliate of UMBFS, serves as the Fund’s custodian.

Note 4 — Investment Transactions

For the period ended April 30, 2022, purchases and sales of investments, excluding short-term investments, were \$10,526,794 and \$0, respectively.

Wolf River INV LLC

Notes to Consolidated Financial Statements — Continued

April 30, 2022

Note 5 — Indemnifications

In the normal course of business, the Fund enters into contracts that contain a variety of representations which provide general indemnifications. The Fund’s maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund expects the risk of loss to be remote.

Note 6 — Fair Value Measurements and Disclosure

Fair Value Measurements and Disclosures defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosure about fair value measurements. It also provides guidance on determining when there has been a significant decrease in the volume and level of activity for an asset or a liability, when a transaction is not orderly, and how that information must be incorporated into a fair value measurement.

Under *Fair Value Measurements and Disclosures*, various inputs are used in determining the value of each Fund’s investments. These inputs are summarized into three broad Levels as described below:

- Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.
- Level 2 — Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 — Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund’s own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different Levels of the fair value hierarchy. In such cases, for disclosure purposes, the Level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest Level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of the inputs used, as of April 30, 2022, in valuing the Fund’s assets carried at fair value:

| <u>Wolf River INV LLC</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|--|----------------|------------------|---------------------|---------------------|
| Assets | | | | |
| Investments | | | | |
| Fixed Income Securities | \$ — | \$ — | \$11,011,016 | \$11,011,016 |
| Total Investments | <u>—</u> | <u>—</u> | <u>11,011,016</u> | <u>11,011,016</u> |
| Other Financial Instruments* | | | | |
| Forward Foreign Currency Contracts | <u>—</u> | <u>706,373</u> | <u>—</u> | <u>706,373</u> |
| Total Assets | <u>\$ —</u> | <u>\$706,373</u> | <u>\$11,011,016</u> | <u>\$11,717,389</u> |

Wolf River INV LLC
Notes to Consolidated Financial Statements — Continued
April 30, 2022

* Other financial instruments are derivative instruments such as futures contracts and forward contracts. Futures contracts and forward contracts are valued at the unrealized appreciation (depreciation) on the instrument.

Valuation techniques and unobservable inputs of Level 3 assets measured at fair value as of April 30, 2022 are as follows:

| | <u>Fair Value as of April 30, 2022</u> | <u>Valuation Techniques</u> | <u>Unobservable Input</u> | <u>Inputs</u> |
|-----------------------------------|--|---------------------------------|-----------------------------|---------------|
| Assets | | | | |
| Fixed Income Securities | \$11,101,016 | Cost plus FX | Estimated liquidation value | N/A |

Note 7 — Derivatives and Hedging Disclosures

Derivatives and Hedging requires enhanced disclosures about the Fund's derivative and hedging activities, including how such activities are accounted for and their effects on the Fund's financial position, performance and cash flows. The Fund invested in forward contracts during the period ended April 30, 2022.

The effects of these derivative instruments on the Fund's financial position and financial performance as reflected in the Statement of Assets and Liabilities and Statement of Operations are presented in the tables below. The fair values of derivative instruments held by the Fund as of April 30, 2022 by risk category are as follows:

| | <u>Asset Derivatives</u> | | <u>Liability Derivatives</u> | |
|--|--|------------------|--|--------------|
| | <u>Statement of Asset and Liabilities Location</u> | <u>Value</u> | <u>Statement of Asset and Liabilities Location</u> | <u>Value</u> |
| Derivatives not designated as hedging instruments | | | | |
| Foreign exchange contracts | Unrealized appreciation on forward foreign currency exchange contracts | 706,373 | Unrealized depreciation on forward foreign currency exchange contracts | — |
| Total | | <u>\$706,373</u> | | <u>\$ —</u> |

The effects of the Fund's derivative instruments on the Statement of Operations for the period ended April 30, 2022 are as follows:

Change in Unrealized Appreciation/Depreciation on Derivatives Recognized in Income

| <u>Derivatives not designated as hedging instruments</u> | <u>Forward Foreign Currency Exchange Contracts</u> | <u>Total</u> |
|--|--|------------------|
| Foreign exchange contracts | \$706,373 | \$706,373 |
| Total | <u>\$706,373</u> | <u>\$706,373</u> |

The quarterly average volumes of derivative instruments in the Fund as of April 30, 2022 are as follows:

| <u>Derivatives not designated as hedging instruments</u> | <u>Notional Value</u> |
|--|---|
| Foreign exchange contracts | Short forward foreign currency exchange contracts <u>\$(12,678,684)</u> |

Wolf River INV LLC

Notes to Consolidated Financial Statements — Continued

April 30, 2022

Note 8 — Disclosures about Offsetting Assets and Liabilities

Disclosures about Offsetting Assets and Liabilities require an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The guidance requires retrospective application for all comparative periods presented for the Fund.

A Fund mitigates credit risk with respect to OTC derivative counterparties through credit support annexes included with International Swaps and Derivatives Association, Inc. (“ISDA”) which are the standard contracts governing most derivative transactions between the Fund and each of its counterparties. These agreements allow the Fund and each counterparty to offset certain derivative financial instruments’ payables and/or receivables against each other and/or with collateral, which is generally held by the Fund’s custodian. The amount of collateral moved to/from applicable counterparties is based upon minimum transfer amounts specified in the agreement. To the extent amounts due to the Fund from its counterparties are not fully collateralized contractually or otherwise, the Fund bears the risk of loss from counterparty non-performance.

The Fund’s Statement of Assets and Liabilities presents financial instruments on a gross basis, therefore there are no net amounts and no offset amounts within the Statement of Assets and Liabilities to present below. Gross amounts of the financial instruments, amounts related to financial instruments/cash collateral not offset in the Statement of Assets and Liabilities and net amounts are presented below:

| Description/Financial Instrument/Statement of Assets and Liabilities Category | Counterparty | Gross Amounts Recognized in Statement of Assets and Liabilities | Amounts Not Offset in Statement of Assets and Liabilities | | Net Amount |
|--|---------------------|---|---|-------------------|------------|
| | | | Financial Instruments* | Cash Collateral** | |
| Unrealized appreciation on forward foreign currency exchange contracts – liability payable | Alpha FX | \$589,658 | \$ — | \$ — | \$589,658 |
| Unrealized appreciation on forward foreign currency exchange contracts – liability payable | First Republic Bank | \$116,715 | \$ — | \$ — | \$116,715 |

* Amounts relate to master netting agreements and collateral agreements (for example, ISDA) which have been determined by the Advisor to be legally enforceable in the event of default and where certain other criteria are met in accordance with applicable offsetting accounting guidance.

** Amounts relate to master netting agreements and collateral agreements which have been determined by the Advisor to be legally enforceable in the event of default but where certain other criteria are not met in accordance with applicable offsetting accounting guidance. The collateral amounts may exceed the related net amounts of financial assets and liabilities presented in the Statement of Assets and Liabilities. Where this is the case, the total amount reported is limited to the net amounts of financial assets and liabilities with that counterparty.

Wolf River INV LLC

Notes to Consolidated Financial Statements — Continued

April 30, 2022

Note 9 — Financial Highlights

The information presented below represents the financial highlights applicable to the Members of the Fund from May 14, 2021 (commencement of operations) to April 30, 2022.

Per share operating performance.

For a capital share outstanding throughout each period.

| | For The Period May 14, 2021* Through April 30, 2022 |
|--|--|
| Internal Rate of Return | 9.59% ⁽²⁾ |
| Ratios and Supplemental Data: | |
| Member's Equity, end of period (in thousands) | \$14,298 |
| Gross investment income to average member's equity | 9.16% ⁽²⁾ |
| Net investment income to average member's equity | 9.35% ⁽²⁾ |
| Ratio of gross expenses to average member's equity | 3.37% ⁽²⁾ |
| Ratio of net expenses to average member's equity | 3.18% ⁽²⁾ |
| Portfolio turnover rate | 0% ⁽¹⁾ |

* Commencement of Operations

(1) Not annualized

(2) Annualized

Note 10 — Events Subsequent to the Fiscal Period End

The Fund have adopted financial reporting rules regarding subsequent events which require an entity to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet. Management has evaluated the Fund's related events and transactions that occurred through the date of issuance of the Fund's financial statements. There were no events or transactions that occurred during this period that materially impacted the amounts or disclosures in the Fund's financial statements.

Wolf River INV LLC

Consolidated Financial Statements

For the Period May 1, 2022 Through July 31, 2022

Wolf River INV LLC
CONSOLIDATED SCHEDULE OF INVESTMENTS
As of July 31, 2022 (Unaudited)

| <u>Principal Amount⁽¹⁾</u> | | <u>Value</u> |
|---|--|----------------------------|
| | FIXED INCOME SECURITIES – 77.69% | |
| | LUXEMBOURG – 62.08% | |
| 8,700,000 | AAFS Securitisation SA 15.00%, 9/26/25 | <u>\$ 8,892,069</u> |
| | RECEIVABLE CLAIMS PORTFOLIO – 15.61% | |
| 96,615 | Pool of Trade Receivables Purchase Deed No. 1 6/12/2022 | 68,667 |
| 6,684 | Pool of Trade Receivables Purchase Deed No. 2 6/12/2022 | 5,089 |
| 27,951 | Pool of Trade Receivables Purchase Deed No. 3 6/26/2022 | 21,038 |
| 60,850 | Pool of Trade Receivables Purchase Deed No. 4 7/1/2022 | 46,324 |
| 30,829 | Pool of Trade Receivables Purchase Deed No. 5 7/11/2022 | 23,458 |
| 11,388 | Pool of Trade Receivables Purchase Deed No. 6 7/18/2022 | 8,665 |
| 56,298 | Pool of Trade Receivables Purchase Deed No. 7 8/24/2022 | 42,860 |
| 163,267 | Pool of Trade Receivables Purchase Deed No. 8 8/31/2022 | 118,984 |
| 117,917 | Pool of Trade Receivables Purchase Deed No. 9 9/7/2022 | 86,148 |
| 268,465 | Pool of Trade Receivables Purchase Deed No. 10 9/9/2022 | 188,090 |
| 69,643 | Pool of Trade Receivables Purchase Deed No. 11 9/18/2022 | 51,241 |
| 61,284 | Pool of Trade Receivables Purchase Deed No. 12 9/23/2022 | 44,553 |
| 76,516 | Pool of Trade Receivables Purchase Deed No. 13 9/29/2022 | 57,160 |
| 106,339 | Pool of Trade Receivables Purchase Deed No. 14 8/29/2022 | 73,024 |
| 78,093 | Pool of Trade Receivables Purchase Deed No. 15 10/4/2022 | 58,245 |
| 138,406 | Pool of Trade Receivables Purchase Deed No. 16 10/6/2022 | 105,372 |
| 137,829 | Pool of Trade Receivables Purchase Deed No. 17 10/11/2022 | 98,555 |
| 111,994 | Pool of Trade Receivables Purchase Deed No. 18 10/17/2022 | 81,930 |

See accompanying Notes to Financial Statements.

Wolf River INV LLC
CONSOLIDATED SCHEDULE OF INVESTMENTS — Continued
As of July 31, 2022 (Unaudited)

| <u>Principal Amount⁽¹⁾</u> | | <u>Value</u> |
|---------------------------------------|---|-----------------------------------|
| 192,272 | Pool of Trade Receivables Purchase Deed No. 19 10/19/2022 | \$ 134,520 |
| 80,743 | Pool of Trade Receivables Purchase Deed No. 20 10/25/2022 | 61,435 |
| 155,492 | Pool of Trade Receivables Purchase Deed No. 21 10/28/2022 | 116,835 |
| 111,021 | Pool of Trade Receivables Purchase Deed No. 22 11/4/2022 | 83,822 |
| 214,641 | Pool of Trade Receivables Purchase Deed No. 23 11/8/2022 | 153,834 |
| 251,009 | Pool of Trade Receivables Purchase Deed No. 24 11/10/2022 | 180,305 |
| 141,107 | Pool of Trade Receivables Purchase Deed No. 25 11/17/2022 | 106,272 |
| 315,358 | Pool of Trade Receivables Purchase Deed No. 26 11/22/2022 | 219,495 |
| | | <u>2,235,922</u> |
| | TOTAL FIXED INCOME SECURITIES (Cost \$12,796,480) | <u>11,127,991</u> |
| | U.S. GOVERNMENT – 5.50% | |
| | U.S. TREASURY BILL – 5.50% | |
| 200,000 | 0.00%, 9/29/2022 | 199,286 |
| 200,000 | 0.00%, 12/29/2022 | 197,759 |
| 400,000 | 0.00%, 6/15/2023 | 390,204 |
| | TOTAL U.S. GOVERNMENT (Cost \$787,478) | <u>787,249</u> |
| | TOTAL INVESTMENTS – 83.19% (Cost \$13,583,958) | <u>11,915,240</u> |
| | Other Assets in Excess of Liabilities – 16.81% ⁽²⁾ | 2,407,932 |
| | TOTAL MEMBER’S EQUITY – 100.00% | <u><u>\$14,323,173</u></u> |

(1) Local Currency

(2) Includes Cash, Cash equivalents, Unrealized appreciation on forward foreign currency exchange contracts, Dividends and interest, and Total liabilities.

See accompanying Notes to Financial Statements.

Wolf River INV LLC
CONSOLIDATED SCHEDULE OF INVESTMENTS — Continued
As of July 31, 2022 (Unaudited)

FORWARD FOREIGN CURRENCY CONTRACTS

| <u>Sale Contracts</u> | <u>Counterparty</u> | <u>Currency Exchange</u> | <u>Settlement Date</u> | <u>Currency Amount Sold</u> | <u>Notional Value</u> | <u>Value at July 31, 2022</u> | <u>Unrealized Appreciation (Depreciation)</u> |
|-----------------------|---------------------|--------------------------|------------------------|-----------------------------|------------------------------|-------------------------------|---|
| Euro | Alpha FX | EUR per USD | August 9, 2022 | (1,500,000) | \$ (1,608,600) | \$ (1,534,300) | \$ 74,300 |
| Euro | First Republic | EUR per USD | August 10, 2022 | (1,000,000) | (1,060,600) | (1,022,939) | 37,661 |
| Euro | First Republic | EUR per USD | August 10, 2022 | (900,000) | (959,400) | (920,645) | 38,755 |
| Euro | Alpha FX | EUR per USD | August 11, 2022 | (2,400,000) | (2,539,440) | (2,455,225) | 84,215 |
| Euro | Alpha FX | EUR per USD | August 15, 2022 | (3,000,000) | (3,021,240) | (3,069,893) | (48,653) |
| Euro | Alpha FX | EUR per USD | August 15, 2022 | (695,079) | (700,000) | (711,273) | (11,273) |
| Euro | Alpha FX | EUR per USD | August 24, 2022 | (480,000) | (506,112) | (491,494) | 14,618 |
| Euro | Alpha FX | EUR per USD | September 26, 2022 | (1,000,000) | (1,091,280) | (1,026,430) | 64,850 |
| Euro | Alpha FX | EUR per USD | October 11, 2022 | (400,000) | (439,400) | (411,035) | 28,365 |
| | | | | | <u>\$(11,926,072)</u> | <u>\$(11,643,232)</u> | <u>\$282,840</u> |

EUR — Euro

See accompanying Notes to Financial Statements.

Wolf River INV LLC
CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES
As of July 31, 2022 (Unaudited)

| | |
|--|-----------------------------|
| Assets: | |
| Investments, at value (cost \$13,583,958) | \$11,915,240 ⁽¹⁾ |
| Foreign currency, at value (cost \$1,521,756) | 1,548,624 |
| Cash | 801,973 |
| Cash deposited with broker | 679,754 |
| Receivables: | |
| Unrealized appreciation on forward foreign currency exchange contracts | 282,840 |
| Dividends and interest | 116,128 |
| Total assets | <u>15,344,559</u> |
| Liabilities: | |
| Payables: | |
| Advisory fees | 39,524 |
| Payable for pool of trade receivables | 764,495 |
| Reserve held for pool of trade receivables | 200,327 |
| Accrued other expenses | 17,040 |
| Total liabilities | <u>1,021,386</u> |
| Member's Equity | <u>14,323,173</u> |
| Total Liabilities and Member's Equity | <u><u>\$15,344,559</u></u> |

(1) Includes a payable of \$555,080 of receivable claim portfolios due to pool of trade receivables.

See accompanying Notes to Financial Statements.

Wolf River INV LLC
CONSOLIDATED STATEMENT OF OPERATIONS
For the Period May 1, 2022 Through July 31, 2022 (Unaudited)

| | |
|---|--------------------------|
| Investment Income: | |
| Interest | 405,681 |
| Total investment income | <u>405,681</u> |
| Expenses: | |
| Incentive fees | 51,431 |
| Advisory fees | 45,298 |
| Fund accounting fees | 4,411 |
| Legal fees | 3,781 |
| Custody fees | 3,025 |
| Shareholder reporting fees | 252 |
| Miscellaneous | 1,513 |
| Total expenses | <u>109,711</u> |
| Advisory fees recouped | 5,137 |
| Net expenses | <u>114,848</u> |
| Net investment income (loss) | <u>290,833</u> |
| Realized and Unrealized Gain (Loss) on Investments | |
| Net realized gain (loss) on: | |
| Investments | (8,792) |
| Foreign currency transactions | 680,663 |
| Net realized gain (loss) | <u>671,871</u> |
| Net change in unrealized appreciation/depreciation on: | |
| Investments | (270,633) |
| Forward contracts | (423,533) |
| Foreign currency translations | 47,727 |
| Net change in unrealized appreciation/depreciation | <u>(646,439)</u> |
| Net realized and unrealized gain (loss) on investments | <u>25,432</u> |
| Net Income (loss) | <u><u>\$ 316,265</u></u> |

See accompanying Notes to Financial Statements.

Wolf River INV LLC
CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
For the Period May 1, 2022 Through July 31, 2022 (Unaudited)

| | Capital | Retained Earnings | Total |
|------------------------------------|----------------|------------------------------|--------------|
| Beginning Balance | \$14,200,000 | \$ 98,464 | \$14,298,464 |
| Capital Contributions | — | — | — |
| Net Income | — | 316,265 | 316,265 |
| Distributions | — | (291,556) | (291,556) |
| Ending Balance | 14,200,000 | 123,173 | 14,323,173 |

See accompanying Notes to Financial Statements.

Wolf River INV LLC
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Period May 1, 2022 Through July 31, 2022 (Unaudited)

Increase (Decrease) in Cash:

| | |
|---|---------------------|
| Cash flows provided by (used for) operating activities: | |
| Net Income (loss) | \$ 316,265 |
| Adjustments to reconcile net income to net cash used for operating activities: | |
| Purchases of short-term investments, net | (1,183,649) |
| Increase in foreign currency | (244,085) |
| Increase in dividends and interest receivable | (885) |
| Increase in foreign currency reserve held for pool of trade receivables | (154,620) |
| Increase in advisory fees | 25,545 |
| Increase in reserve held for pool of trade receivables | 764,495 |
| Decrease in accrued expenses | (20,409) |
| Net realized gain (loss) | 8,792 |
| Net change in unrealized appreciation/depreciation | 694,166 |
| Net cash provided by (used for) operating activities | <u>205,615</u> |
| Cash flows provided by (used for) financing activities: | |
| Proceeds from capital contributions by members | — |
| Dividends paid to shareholders, net of reinvestments | (291,556) |
| Net cash provided by (used for) financing activities | <u>(291,556)</u> |
| Net decrease in cash | <u>(85,941)</u> |
| Cash: | |
| Beginning of period | <u>1,367,341</u> |
| End of period | <u>\$ 1,281,400</u> |
| End of Period Cash Balances: | |
| Cash | 801,973 |
| Cash deposited with broker for securities sold short | 679,754 |
| End of Period | <u>\$ 1,481,727</u> |

See accompanying Notes to Financial Statements.

Wolf River INV LLC
Notes to Consolidated Financial Statements
July 31, 2022 (Unaudited)

Note 1 — Organization

Wolf River INV LLC (“Fund”) is organized as an unregistered Delaware limited liability company.

Monachil Capital Partners LP serves as the investment adviser (the “Investment Manager”) of the Fund. The Investment Manager is an investment adviser registered with the Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended.

The Fund’s primary investment objective is to provide investors with current income and attractive risk adjusted returns with relatively low correlation to the public equity and fixed income markets. The Fund commenced investment operations on May 14, 2021.

The Fund is an investment company and accordingly follows the investment company accounting and reporting guidance of the Financial Accounting Standards Board (FASB) Accounting Standard Codification Topic 946 “Financial Services — Investment Companies”.

(a) Consolidation of Subsidiary

The Fund may seek to provide exposure to certain securities that are not freely tradeable in the U.S., such as Regulation S securities, as well as certain other securities that can only be purchased or held by a non-U.S. person or where it may be advantageous for the asset to be held by a non-U.S. person (“other restricted non-U.S. securities”) by investing through Wolf River Cayman, Ltd. (the “Subsidiary”), a wholly-owned subsidiary of the Fund, which will invest in Regulation S securities and other restricted non-U.S. securities. Regulation S securities are debt or equity securities of U.S. and foreign issuers offered through private offerings exempt from registration with the SEC pursuant to Regulation S of the Securities Act of 1933, as amended. Offerings of Regulation S securities may be conducted outside of the United States, and Regulation S securities may be relatively less liquid as a result of legal or contractual restrictions on resale. The consolidated Schedule of Investments, Statement of Assets and Liabilities, Statement of Operations, Statements of Changes in Net Assets and Financial Highlights of the Fund include the accounts of the Subsidiary. All inter-company accounts and transactions have been eliminated in the consolidation for the Fund. The Subsidiary is advised by the Investment Manager and has the same investment objective as the Fund. The Subsidiary may also hold cash and invest in other instruments, including fixed-income investments, that are not Regulation S securities or other restricted non-U.S. securities, either as investments or to serve as margin or collateral for the Subsidiary’s Regulation S or other restricted non-U.S securities positions.

Note 2 — Accounting Policies

The following is a summary of the significant accounting policies consistently followed by the Fund in the preparation of their financial statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates.

(a) Valuation of Investments

Securities traded on one or more of the U.S. national securities exchanges, the Nasdaq Stock Market or any foreign stock exchange will be valued at the last sale price or the official closing price on the exchange or system where such securities are principally traded for the business day as of the relevant Determination Date. If no sale or official closing price of particular securities are reported on a particular day, the securities will be valued at the closing bid price for securities held long, or the closing ask price for securities held short, or if a closing bid or ask price, as applicable, is not available, at either the exchange or system-defined closing price on the exchange or system in which such securities are principally traded. Over-the-counter securities not quoted on the Nasdaq Stock Market will be valued at the last sale price on the relevant Determination Date or, if no sale occurs, at the last bid price, in the case of securities held long, or the last ask

Wolf River INV LLC

Notes to Consolidated Financial Statements — Continued
July 31, 2022 (Unaudited)

price, in the case of securities held short, at the time net asset value is determined. Equity securities for which no prices are obtained under the foregoing procedures, including those for which a pricing service supplies no exchange quotation or a quotation that is believed by the Investment Manager not to reflect the market value, will be valued at the bid price, in the case of securities held long, or the ask price, in the case of securities held short, supplied by one or more dealers making a market in those securities or one or more brokers, in accordance with the Valuation Procedures.

Fixed-income securities with a remaining maturity of sixty (60) days or more for which accurate market quotations are readily available will normally be valued according to dealer-supplied bid quotations or bid quotations from a recognized pricing service. Fixed-income securities and receivable claim portfolios for which market quotations are not readily available or are believed by the Investment Manager not to reflect market value will be valued based upon broker-supplied quotations, provided that if such quotations are unavailable or are believed by the Investment Manager not to reflect market value, such fixed-income securities will be valued at fair value, which may include the utilization of valuation models that take into account spread and daily yield changes on government securities in the appropriate market (e.g., matrix pricing). High quality investment grade debt securities (e.g., treasuries, commercial paper, etc.) and receivable claim portfolios with a remaining maturity of sixty (60) days or less are valued by the Investment Manager at amortized cost, which the Board has determined to approximate fair value. All other instruments held by the Fund will be valued in accordance with the Valuation Procedures.

If no price is obtained for a security in accordance with the foregoing, because either an external price is not readily available or such external price is believed by the Investment Manager not to reflect the market value, the Valuation Committee will make a determination in good faith of the fair value of the security. In general, fair value represents a good faith approximation of the current value of an asset and will be used when there is no public market or possibly no market at all for the asset. The fair values of one or more assets may not be the prices at which those assets are ultimately sold and the differences may be significant.

(b) Foreign Currency Translation

The Fund's records are maintained in U.S. dollars. The value of securities, currencies and other assets and liabilities denominated in currencies other than U.S. dollars are translated into U.S. dollars based upon foreign exchange rates prevailing at the end of the reporting period. The currencies are translated into U.S. dollars by using the exchange rates quoted as of 4:00PM Eastern Standard Time. Purchases and sales of investment securities, income and expenses are translated on the respective dates of such transactions.

The Fund does not isolate that portion of its net realized and unrealized gains and losses on investments resulting from changes in foreign exchange rates from the impact arising from changes in market prices. Such fluctuations are included with net realized and unrealized gain or loss from investments and foreign currency.

Net realized foreign currency transaction gains and losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, and the differences between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign currency translation gains and losses arise from changes in the value of assets and liabilities, other than investments in securities, resulting from changes in the exchange rates.

(c) Forward Foreign Currency Exchange Contracts

The Fund may utilize forward foreign currency exchange contracts ("forward contracts") under which they are obligated to exchange currencies on specified future dates at specified rates, and are subject to the translations of foreign exchange rates fluctuations. All contracts are "marked-to-market" daily and any resulting unrealized gains or losses are recorded as unrealized appreciation or depreciation on foreign

Wolf River INV LLC

Notes to Consolidated Financial Statements — Continued
July 31, 2022 (Unaudited)

currency translations. The Fund record realized gains or losses at the time the forward contract is settled. Counter parties to these forward contracts are major U.S. financial institutions.

(f) Investment Transactions, Investment Income and Expenses

Investment transactions are accounted for on the trade date. Realized gains and losses on investments are determined on the identified cost basis. Dividend income is recorded net of applicable withholding taxes on the ex-dividend date and interest income is recorded on an accrual basis. Discounts or premiums on debt securities are accreted or amortized to interest income over the lives of the respective securities using the effective interest method.

(g) Federal Income Taxes

The Fund intends to comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its net investment income and any net realized gains to its shareholders. Therefore, no provision is made for federal income or excise taxes. Due to the timing of dividend distributions and the differences in accounting for income and realized gains and losses for financial statement and federal income tax purposes, the fiscal year in which amounts are distributed may differ from the year in which the income and realized gains and losses are recorded by the Fund.

Accounting for Uncertainty in Income Taxes (the “Income Tax Statement”) requires an evaluation of tax positions taken (or expected to be taken) in the course of preparing the Fund’s tax returns to determine whether these positions meet a “more-likely-than-not” standard that, based on the technical merits, have a more than fifty percent likelihood of being sustained by a taxing authority upon examination. A tax position that meets the “more-likely-than-not” recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The Fund recognizes interest and penalties, if any, related to unrecognized tax benefits as income tax expense in the Statement of Operations.

The Income Tax Statement requires management of the Fund to analyze tax positions taken in the prior three open tax years, if any, and tax positions expected to be taken in the Funds current tax year, as defined by the IRS statute of limitations for all major jurisdictions, including federal tax authorities and certain state tax authorities. As of and during the period ended December 31, 2021, the Fund did not have a liability for any unrecognized tax benefits. The Fund have no examination in progress and are not aware of any tax positions for which they are reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

(h) Distributions to Shareholders

The Fund contemplates declaring as dividends each year all or substantially all of its taxable income.

Note 3 — Investment Advisory and Other Agreements

The Fund entered into an Investment Management Agreement (the “Agreement”) with the Investment Manager. Under the terms of the Agreement, the Fund pays the Investment Manager an investment management fee (the “Management Fee”) that consists of two components: (i) an advisory fee (the “Advisory Fee”), and (ii) an incentive fee (the “Incentive Fee”). The Fund pays the Investment Manager a monthly Advisory Fee equal to 1.25% on an annualized basis of the Fund’s average daily Managed Assets for the period. The Advisory Fee is paid to the Adviser out of the Fund’s assets and decreases the net profits or increases the net losses of the Fund.

The Advisory Fee will be paid to the Investment Manager before giving effect to any repurchase of Shares of the Fund effective as of that date and will decrease the net profits or increase the net losses of the

Wolf River INV LLC

Notes to Consolidated Financial Statements — Continued
July 31, 2022 (Unaudited)

Fund that are credited to its Shareholders. The Advisory Fee will be accrued daily and will be due and payable monthly in arrears within ten (10) Business Days after the end of the month.

The Incentive Fee is calculated and payable quarterly in arrears based upon the Fund's "pre-incentive fee net investment income" for the immediately preceding fiscal quarter. The Incentive Fee is subject to a hurdle rate, expressed as a rate of return on the Fund's "adjusted capital," equal to 1.50% per quarter (or an annualized hurdle rate of 6.00%), subject to a "catch-up" feature. For this purpose, "pre-incentive fee net investment income" means interest income, dividend income and any other income accrued during the fiscal quarter, minus the Fund's operating expenses for the quarter. For such purposes, the Fund's operating expenses will include the Advisory Fee, but will exclude the Incentive Fee. "Adjusted capital" means the cumulative gross proceeds received by the Fund from the sale of Fund Shares reduced by amounts paid in connection with purchases of Fund Shares pursuant to the Fund's share repurchase program.

The portion of the Fund's pre-incentive fee net investment income which exceeds the hurdle rate but is less than or equal to 1.765% is referred to as the "catch-up." The "catch-up" provision is intended to provide the Investment Manager with an incentive fee of 15% on all of the Fund's pre-incentive fee net investment income when the Fund's pre-incentive fee net investment income reaches 1.765% of adjusted capital in any fiscal quarter; and 15% of the Fund's pre-incentive fee net investment income, if any, that exceeds 1.765% in any fiscal quarter is payable to the Investment Manager once the hurdle rate is reached and the catch-up is achieved.

The calculation of the Incentive Fee for each fiscal quarter is as follows:

No Incentive Fee is payable in any fiscal quarter in which the Fund's pre-incentive fee net investment income does not exceed the quarterly hurdle rate of 1.50%;

100% of the Fund's pre-incentive fee net investment income, if any, that exceeds the hurdle rate but is less than or equal to 1.765% in any fiscal quarter (7.06% annualized) is payable to the Investment Manager and 15% of the Fund's pre-incentive fee net investment income, if any, that exceeds 1.765% in any fiscal quarter (7.06% annualized) is payable to the Investment Manager once the hurdle rate is reached and the catch-up is achieved, (15% of all the Fund's pre-incentive fee net investment income thereafter is allocated to the Investment Manager).

The Investment Manager has entered into an expense limitation and reimbursement agreement (the "Expense Limitation and Reimbursement Agreement") with the Fund, whereby the Investment Manager has agreed to waive fees that it would otherwise have been paid, and/or to assume expenses of the Fund (a "Waiver"), if required to ensure the Total Annual Expenses (excluding the Management Fee, any taxes, fees and interest payments on borrowed funds, distribution or servicing fees, brokerage and distribution costs and expenses, acquired fund fees and expenses (as determined in accordance with SEC Form N-2), expenses incurred in connection with any merger or reorganization, and extraordinary or non-routine expenses, such as litigation expenses) do not exceed 0.50% of the average daily net assets of Class A Shares (the "Expense Limit"). Because Management Fees, taxes, fees and interest payments on borrowed funds, distribution or servicing fees, brokerage and distribution costs and expenses, acquired fund fees and expenses, expenses incurred in connection with any merger or reorganization, and extraordinary or non-routine expenses are excluded from the Expense Limit, Total Annual Expenses (after fee waivers and expense reimbursements) are expected to exceed 0.50% for Class A Shares. Additionally, under the Expense Limitation and Reimbursement Agreement, the Investment Manager has agreed to waive fees that it would otherwise have been paid, and/or to assume payment of any taxes that would be owed by the Fund due to an inability to qualify as a RIC under Subchapter M of the Code ("RIC Non-Qualification Taxes) up to a maximum of \$1 million in a tax year for Fund's first two tax years or periods.

UMB Fund Services, Inc. ("UMBFS") serves as the Fund's fund accountant, transfer agent and administrator; and UMB Bank, n.a., an affiliate of UMBFS, serves as the Fund's custodian.

Wolf River INV LLC

Notes to Consolidated Financial Statements — Continued
July 31, 2022 (Unaudited)

Note 4 — Investment Transactions

For the period ended July 31, 2022, purchases and sales of investments, excluding short-term investments, were \$0 and \$0, respectively.

Note 5 — Indemnifications

In the normal course of business, the Fund enters into contracts that contain a variety of representations which provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown, as this would involve future claims that may be made against the Fund that have not yet occurred. However, the Fund expects the risk of loss to be remote.

Note 6 — Fair Value Measurements and Disclosure

Fair Value Measurements and Disclosures defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosure about fair value measurements. It also provides guidance on determining when there has been a significant decrease in the volume and level of activity for an asset or a liability, when a transaction is not orderly, and how that information must be incorporated into a fair value measurement.

Under *Fair Value Measurements and Disclosures*, various inputs are used in determining the value of each Fund's investments. These inputs are summarized into three broad Levels as described below:

- Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities that the Fund has the ability to access.
- Level 2 — Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.
- Level 3 — Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Fund's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different Levels of the fair value hierarchy. In such cases, for disclosure purposes, the Level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest Level input that is significant to the fair value measurement in its entirety.

The inputs or methodology used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of the inputs used, as of July 31, 2022, in valuing the Fund's assets carried at fair value:

Wolf River INV LLC
Notes to Consolidated Financial Statements — Continued
July 31, 2022 (Unaudited)

| Wolf River INV LLC | Level 1 | Level 2 | Level 3 | Total |
|--|---------|-------------|--------------|--------------|
| Assets | | | | |
| Investments | | | | |
| Fixed Income Securities | \$ — | \$ — | \$11,127,991 | \$11,127,991 |
| U.S. Government | — | 787,249 | — | 787,249 |
| Total Investments | — | 787,249 | 11,127,991 | 11,915,240 |
| Other Financial Instruments* | | | | |
| Forward Foreign Currency Contracts | — | 282,840 | — | 282,840 |
| Total Assets | \$ — | \$1,070,089 | \$11,127,991 | \$12,198,080 |

* Other financial instruments are derivative instruments such as futures contracts and forward contracts. Futures contracts and forward contracts are valued at the unrealized appreciation (depreciation) on the instrument.

Valuation techniques and unobservable inputs of Level 3 assets measured at fair value as of July 31, 2022 are as follows:

| | Fair Value as of July 31, 2022 | Valuation Techniques | Unobservable Input | Inputs |
|-----------------------------------|-----------------------------------|-------------------------|-----------------------------|--------|
| Assets | | | | |
| Fixed Income Securities | \$11,127,991 | Cost plus FX | Estimated liquidation value | N/A |

Note 7 — Derivatives and Hedging Disclosures

Derivatives and Hedging requires enhanced disclosures about the Fund's derivative and hedging activities, including how such activities are accounted for and their effects on the Fund's financial position, performance and cash flows. The Fund invested in forward contracts during the period ended July 31, 2022.

The effects of these derivative instruments on the Fund's financial position and financial performance as reflected in the Statement of Assets and Liabilities and Statement of Operations are presented in the tables below. The fair values of derivative instruments held by the Fund as of July 31, 2022 by risk category are as follows:

| | Asset Derivatives | | Liability Derivatives | |
|---|--|-----------|--|-------|
| | Statement of Asset and Liabilities Location | Value | Statement of Asset and Liabilities Location | Value |
| Derivatives not designated as hedging instruments | | | | |
| Foreign exchange contracts | Unrealized appreciation on forward foreign currency exchange contracts | 282,840 | Unrealized depreciation on forward foreign currency exchange contracts | — |
| Total | | \$282,840 | | \$ — |

Wolf River INV LLC

Notes to Consolidated Financial Statements — Continued
July 31, 2022 (Unaudited)

The effects of the Fund’s derivative instruments on the Statement of Operations for the period ended April 30, 2022 are as follows:

Change in Unrealized Appreciation/Depreciation on Derivatives Recognized in Income

| Derivatives not designated as hedging instruments | Forward Foreign Currency Exchange Contracts | Total |
|---|---|-------------|
| Foreign exchange contracts | \$(423,533) | \$(423,533) |
| Total | \$(423,533) | \$(423,533) |

The quarterly average volumes of derivative instruments in the Fund as of July 31, 2022 are as follows:

| Derivatives not designated as hedging instruments | Notional Value |
|--|----------------|
| Foreign exchange contracts Short forward foreign currency exchange contracts | \$(11,926,072) |

Note 8 — Disclosures about Offsetting Assets and Liabilities

Disclosures about Offsetting Assets and Liabilities require an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. The guidance requires retrospective application for all comparative periods presented for the Fund.

A Fund mitigates credit risk with respect to OTC derivative counterparties through credit support annexes included with International Swaps and Derivatives Association, Inc. (“ISDA”) which are the standard contracts governing most derivative transactions between the Fund and each of its counterparties. These agreements allow the Fund and each counterparty to offset certain derivative financial instruments’ payables and/or receivables against each other and/or with collateral, which is generally held by the Fund’s custodian. The amount of collateral moved to/from applicable counterparties is based upon minimum transfer amounts specified in the agreement. To the extent amounts due to the Fund from its counterparties are not fully collateralized contractually or otherwise, the Fund bears the risk of loss from counterparty non-performance.

The Fund’s Statement of Assets and Liabilities presents financial instruments on a gross basis, therefore there are no net amounts and no offset amounts within the Statement of Assets and Liabilities to present below. Gross amounts of the financial instruments, amounts related to financial instruments/cash collateral not offset in the Statement of Assets and Liabilities and net amounts are presented below:

| Description/Financial Instrument/Statement of Assets and Liabilities Category | Counterparty | Gross Amounts Recognized in Statement of Assets and Liabilities | Amounts Not Offset in Statement of Assets and Liabilities | | Net Amount |
|---|---------------------|---|---|----------------------|---------------|
| | | | Financial Instruments* | Cash Collateral** | |
| Unrealized appreciation on forward foreign currency exchange contracts – liability payable | Alpha FX | \$206,423 | \$ — | \$ — | \$206,423 |
| Unrealized appreciation on forward foreign currency exchange contracts – liability payable | First Republic Bank | \$ 76,417 | \$ — | \$ — | \$ 76,417 |

Wolf River INV LLC

Notes to Consolidated Financial Statements — Continued
July 31, 2022 (Unaudited)

- * Amounts relate to master netting agreements and collateral agreements (for example, ISDA) which have been determined by the Advisor to be legally enforceable in the event of default and where certain other criteria are met in accordance with applicable offsetting accounting guidance.
- ** Amounts relate to master netting agreements and collateral agreements which have been determined by the Advisor to be legally enforceable in the event of default but where certain other criteria are not met in accordance with applicable offsetting accounting guidance. The collateral amounts may exceed the related net amounts of financial assets and liabilities presented in the Statement of Assets and Liabilities. Where this is the case, the total amount reported is limited to the net amounts of financial assets and liabilities with that counterparty.

Note 9 — Financial Highlights

The information presented below represents the financial highlights applicable to the Members of the Fund for various periods.

*Per share operating performance.
For a capital share outstanding throughout each period.*

| | For The Period May 1, 2022 Through July 31, 2022 (Unaudited) | For The Period May 14, 2021* Through April 30, 2022 |
|---|--|--|
| Internal Rate of Return | 9.48% ⁽²⁾ | 9.59% ⁽²⁾ |
| Ratios and Supplemental Data: | | |
| Member's Equity, end of period (in thousands) | \$14,323 | 14,298 |
| Gross investment income (loss) to average member's equity | 8.18% ⁽²⁾ | 9.16% ⁽²⁾ |
| Net investment income (loss) to average member's equity | 8.03% ⁽²⁾ | 9.35% ⁽²⁾ |
| Ratio of gross expenses to average member's equity | 3.03% ⁽²⁾ | 3.37% ⁽²⁾ |
| Ratio of net expenses to average member's equity | 3.17% ⁽²⁾ | 3.18% ⁽²⁾ |
| Portfolio turnover rate | 0% ⁽¹⁾ | 0% ⁽¹⁾ |

- * Commencement of operations.
- (1) Not annualized
- (2) Annualized

Note 10 — Events Subsequent to the Fiscal Period End

The Fund have adopted financial reporting rules regarding subsequent events which require an entity to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet. Management has evaluated the Fund's related events and transactions that occurred through the date of issuance of the Fund's financial statements. There were no events or transactions that occurred during this period that materially impacted the amounts or disclosures in the Fund's financial statements.

APPENDIX C — DESCRIPTION OF SECURITIES RATINGS

Short-Term Credit Ratings

An *S&P Global Ratings* short-term issue credit rating is generally assigned to those obligations considered short-term in the relevant market. The following summarizes the rating categories used by S&P Global Ratings for short-term issues:

“A-1” — A short-term obligation rated “A-1” is rated in the highest category by S&P Global Ratings. The obligor’s capacity to meet its financial commitments on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor’s capacity to meet its financial commitment on these obligations is extremely strong.

“A-2” — A short-term obligation rated “A-2” is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor’s capacity to meet its financial commitments on the obligation is satisfactory.

“A-3” — A short-term obligation rated “A-3” exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken an obligor’s capacity to meet its financial commitments on the obligation.

“B” — A short-term obligation rated “B” is regarded as vulnerable and has significant speculative characteristics. The obligor currently has the capacity to meet its financial commitments; however, it faces major ongoing uncertainties that could lead to the obligor’s inadequate capacity to meet its financial commitments.

“C” — A short-term obligation rated “C” is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments on the obligation.

“D” — A short-term obligation rated “D” is in default or in breach of an imputed promise. For non-hybrid capital instruments, the “D” rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within any stated grace period. However, any stated grace period longer than five business days will be treated as five business days. The “D” rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. A rating on an obligation is lowered to “D” if it is subject to a distressed exchange offer.

Local Currency and Foreign Currency Ratings — S&P Global Ratings’ issuer credit ratings make a distinction between foreign currency ratings and local currency ratings. A foreign currency rating on an issuer will differ from the local currency rating on it when the obligor has a different capacity to meet its obligations denominated in its local currency, versus obligations denominated in a foreign currency.

“NR” — This indicates that a rating has not been assigned or is no longer assigned.

Moody’s Investors Service (“Moody’s”) short-term ratings are forward-looking opinions of the relative credit risks of financial obligations with an original maturity of thirteen months or less and reflect both on the likelihood of a default or impairment on contractual financial obligations and the expected financial loss suffered in the event of default or impairment.

Moody’s employs the following designations to indicate the relative repayment ability of rated issuers:

“P-1” — Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

“P-2” — Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

“P-3” — Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

“NP” — Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

“NR” — Is assigned to an unrated issuer.

Fitch, Inc. / Fitch Ratings Ltd. (“Fitch”) short-term issuer or obligation rating is based in all cases on the short-term vulnerability to default of the rated entity and relates to the capacity to meet financial obligations in accordance with the documentation governing the relevant obligation. Short-term deposit ratings may be adjusted for loss severity. Short-term ratings are assigned to obligations whose initial maturity is viewed as “short-term” based on market convention.¹ Typically, this means up to 13 months for corporate, sovereign, and structured obligations and up to 36 months for obligations in U.S. public finance markets. The following summarizes the rating categories used by Fitch for short-term obligations:

“F1” — Securities possess the highest short-term credit quality. This designation indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added “+” to denote any exceptionally strong credit feature.

“F2” — Securities possess good short-term credit quality. This designation indicates good intrinsic capacity for timely payment of financial commitments.

“F3” — Securities possess fair short-term credit quality. This designation indicates that the intrinsic capacity for timely payment of financial commitments is adequate.

“B” — Securities possess speculative short-term credit quality. This designation indicates minimal capacity for timely payment of financial commitments, plus heightened vulnerability to near term adverse changes in financial and economic conditions.

“C” — Securities possess high short-term default risk. Default is a real possibility.

“RD” — Restricted default. Indicates an entity that has defaulted on one or more of its financial commitments, although it continues to meet other financial obligations. Typically applicable to entity ratings only.

“D” — Default. Indicates a broad-based default event for an entity, or the default of a short-term obligation.

Plus (+) or minus (-) — The “F1” rating may be modified by the addition of a plus (+) or minus (-) sign to show the relative status within that major rating category.

“NR” — Is assigned to an unrated issue of a rated issuer.

The *DBRS Morningstar® Ratings Limited (“DBRS Morningstar”)* short-term debt rating scale provides an opinion on the risk that an issuer will not meet its short-term financial obligations in a timely manner. Ratings are based on quantitative and qualitative considerations relevant to the issuer and the relative ranking of claims. The R-1 and R-2 rating categories are further denoted by the sub-categories “(high)”, “(middle)”, and “(low)”.

The following summarizes the ratings used by DBRS Morningstar for commercial paper and short-term debt:

“R-1 (high)” — Short-term debt rated “R-1 (high)” is of the highest credit quality. The capacity for the payment of short-term financial obligations as they fall due is exceptionally high. Unlikely to be adversely affected by future events.

¹ A long-term rating can also be used to rate an issue with short maturity.

“R-1 (middle)” — Short-term debt rated “R-1 (middle)” is of superior credit quality. The capacity for the payment of short-term financial obligations as they fall due is very high. Differs from “R-1 (high)” by a relatively modest degree. Unlikely to be significantly vulnerable to future events.

“R-1 (low)” — Short-term debt rated “R-1 (low)” is of good credit quality. The capacity for the payment of short-term financial obligations as they fall due is substantial. Overall strength is not as

favorable as higher rating categories. May be vulnerable to future events, but qualifying negative factors are considered manageable.

“R-2 (high)” — Short-term debt rated “R-2 (high)” is considered to be at the upper end of adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events.

“R-2 (middle)” — Short-term debt rated “R-2 (middle)” is considered to be of adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events or may be exposed to other factors that could reduce credit quality.

“R-2 (low)” — Short-term debt rated “R-2 (low)” is considered to be at the lower end of adequate credit quality. The capacity for the payment of short-term financial obligations as they fall due is acceptable. May be vulnerable to future events. A number of challenges are present that could affect the issuer’s ability to meet such obligations.

“R-3” — Short-term debt rated “R-3” is considered to be at the lowest end of adequate credit quality. There is a capacity for the payment of short-term financial obligations as they fall due. May be vulnerable to future events and the certainty of meeting such obligations could be impacted by a variety of developments.

“R-4” — Short-term debt rated “R-4” is considered to be of speculative credit quality. The capacity for the payment of short-term financial obligations as they fall due is uncertain.

“R-5” — Short-term debt rated “R-5” is considered to be of highly speculative credit quality. There is a high level of uncertainty as to the capacity to meet short-term financial obligations as they fall due.

“D” — Short-term debt rated “D” is assigned when the issuer has filed under any applicable bankruptcy, insolvency or winding up statute or there is a failure to satisfy an obligation after the exhaustion of grace periods, a downgrade to “D” may occur. DBRS Morningstar may also use “SD” (Selective Default) in cases where only some securities are impacted, such as the case of a “distressed exchange”.

Long-Term Credit Ratings

The following summarizes the ratings used by *S&P Global Ratings* for long-term issues:

“AAA” — An obligation rated “AAA” has the highest rating assigned by S&P Global Ratings. The obligor’s capacity to meet its financial commitments on the obligation is extremely strong.

“AA” — An obligation rated “AA” differs from the highest-rated obligations only to a small degree. The obligor’s capacity to meet its financial commitments on the obligation is very strong.

“A” — An obligation rated “A” is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor’s capacity to meet its financial commitments on the obligation is still strong.

“BBB” — An obligation rated “BBB” exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to weaken the obligor’s capacity to meet its financial commitments on the obligation.

“BB,” “B,” “CCC,” “CC” and “C” — Obligations rated “BB,” “B,” “CCC,” “CC” and “C” are regarded as having significant speculative characteristics. “BB” indicates the least degree of speculation and “C” the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposure to adverse conditions.

“BB” — An obligation rated “BB” is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor’s inadequate capacity to meet its financial commitments on the obligation.

“B” — An obligation rated “B” is more vulnerable to nonpayment than obligations rated “BB”, but the obligor currently has the capacity to meet its financial commitments on the obligation. Adverse business,

financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation.

“CCC” — An obligation rated “CCC” is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitments on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitments on the obligation.

“CC” — An obligation rated “CC” is currently highly vulnerable to nonpayment. The “CC” rating is used when a default has not yet occurred but S&P Global Ratings expects default to be a virtual certainty, regardless of the anticipated time to default.

“C” — An obligation rated “C” is currently highly vulnerable to nonpayment, and the obligation is expected to have lower relative seniority or lower ultimate recovery compared with obligations that are rated higher.

“D” — An obligation rated “D” is in default or in breach of an imputed promise. For non-hybrid capital instruments, the “D” rating category is used when payments on an obligation are not made on the date due, unless S&P Global Ratings believes that such payments will be made within five business days in the absence of a stated grace period or within the earlier of the stated grace period or 30 calendar days. The “D” rating also will be used upon the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions. An obligation's rating is lowered to “D” if it is subject to a distressed exchange offer.

Plus (+) or minus (-) — The ratings from “AA” to “CCC” may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories.

“NR” — This indicates that a rating has not been assigned, or is no longer assigned.

Local Currency and Foreign Currency Risks — S&P Global Ratings' issuer credit ratings make a distinction between foreign currency ratings and local currency ratings. An issuer's foreign currency rating will differ from its local currency rating on it when the obligor has a different capacity to meet its obligations denominated in its local currency, versus obligations denominated in a foreign currency.

Moody's long-term ratings are forward-looking opinions of the relative credit risks of financial obligations with an original maturity of one year or more. Such ratings reflect both on the likelihood of default or impairment on contractual financial obligations and the expected financial loss suffered in the event of default or impairment. The following summarizes the ratings used by Moody's for long-term debt:

“Aaa” — Obligations rated “Aaa” are judged to be of the highest quality, subject to the lowest level of credit risk.

“Aa” — Obligations rated “Aa” are judged to be of high quality and are subject to very low credit risk.

“A” — Obligations rated “A” are judged to be upper-medium grade and are subject to low credit risk.

“Baa” — Obligations rated “Baa” are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics.

“Ba” — Obligations rated “Ba” are judged to be speculative and are subject to substantial credit risk.

“B” — Obligations rated “B” are considered speculative and are subject to high credit risk.

“Caa” — Obligations rated “Caa” are judged to be speculative of poor standing and are subject to very high credit risk.

“Ca” — Obligations rated “Ca” are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

“C” — Obligations rated “C” are the lowest rated and are typically in default, with little prospect for recovery of principal or interest.

Note: Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from "Aa" through "Caa." The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

"NR" — Is assigned to unrated obligations.

The following summarizes long-term ratings used by *Fitch*:

"AAA" — Securities considered to be of the highest credit quality. "AAA" ratings denote the lowest expectation of credit risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

"AA" — Securities considered to be of very high credit quality. "AA" ratings denote expectations of very low credit risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

"A" — Securities considered to be of high credit quality. "A" ratings denote expectations of low credit risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

"BBB" — Securities considered to be of good credit quality. "BBB" ratings indicate that expectations of credit risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

"BB" — Securities considered to be speculative. "BB" ratings indicate that there is an elevated vulnerability to credit risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial alternatives may be available to allow financial commitments to be met.

"B" — Securities considered to be highly speculative. "B" ratings indicate that material credit risk is present.

"CCC" — A "CCC" rating indicates that substantial credit risk is present.

"CC" — A "CC" rating indicates very high levels of credit risk.

"C" — A "C" rating indicates exceptionally high levels of credit risk.

Defaulted obligations typically are not assigned "RD" or "D" ratings but are instead rated in the "CCC" to "C" rating categories, depending on their recovery prospects and other relevant characteristics. Fitch believes that this approach better aligns obligations that have comparable overall expected loss but varying vulnerability to default and loss.

Plus (+) or minus (-) may be appended to a rating to denote relative status within major rating categories. Such suffixes are not added to the "AAA" obligation rating category, or to corporate finance obligation ratings in the categories below "CCC".

"NR" — Is assigned to an unrated issue of a rated issuer.

The *DBRS* Morningstar long-term rating scale provides an opinion on the risk of default. That is, the risk that an issuer will fail to satisfy its financial obligations in accordance with the terms under which an obligation has been issued. Ratings are based on quantitative and qualitative considerations relevant to the issuer, and the relative ranking of claims. All rating categories other than AAA and D also contain subcategories "(high)" and "(low)". The absence of either a "(high)" or "(low)" designation indicates the rating is in the middle of the category. The following summarizes the ratings used by *DBRS* Morningstar for long-term debt:

"AAA" — Long-term debt rated "AAA" is of the highest credit quality. The capacity for the payment of financial obligations is exceptionally high and unlikely to be adversely affected by future events.

“AA” — Long-term debt rated “AA” is of superior credit quality. The capacity for the payment of financial obligations is considered high. Credit quality differs from “AAA” only to a small degree. Unlikely to be significantly vulnerable to future events.

“A” — Long-term debt rated “A” is of good credit quality. The capacity for the payment of financial obligations is substantial, but of lesser credit quality than “AA.” May be vulnerable to future events, but qualifying negative factors are considered manageable.

“BBB” — Long-term debt rated “BBB” is of adequate credit quality. The capacity for the payment of financial obligations is considered acceptable. May be vulnerable to future events.

“BB” — Long-term debt rated “BB” is of speculative, non-investment grade credit quality. The capacity for the payment of financial obligations is uncertain. Vulnerable to future events.

“B” — Long-term debt rated “B” is of highly speculative credit quality. There is a high level of uncertainty as to the capacity to meet financial obligations.

“CCC”, “CC” and “C” — Long-term debt rated in any of these categories is of very highly speculative credit quality. In danger of defaulting on financial obligations. There is little difference between these three categories, although “CC” and “C” ratings are normally applied to obligations that are seen as highly likely to default, or subordinated to obligations rated in the “CCC” to “B” range. Obligations in respect of which default has not technically taken place but is considered inevitable may be rated in the “C” category.

“D” — A security rated “D” is assigned when the issuer has filed under any applicable bankruptcy, insolvency or winding up statute or there is a failure to satisfy an obligation after the exhaustion of grace periods, a downgrade to “D” may occur. DBRS Morningstar may also use “SD” (Selective Default) in cases where only some securities are impacted, such as the case of a “distressed exchange”.

Municipal Note Ratings

An *S&P Global Ratings* U.S. municipal note rating reflects S&P Global Ratings’ opinion about the liquidity factors and market access risks unique to the notes. Notes due in three years or less will likely receive a note rating. Notes with an original maturity of more than three years will most likely receive a long-term debt rating. In determining which type of rating, if any, to assign, S&P Global Ratings’ analysis will review the following considerations:

- Amortization schedule — the larger the final maturity relative to other maturities, the more likely it will be treated as a note; and
- Source of payment — the more dependent the issue is on the market for its refinancing, the more likely it will be treated as a note.

Municipal Short-Term Note rating symbols are as follows:

“SP-1” — A municipal note rated “SP-1” exhibits a strong capacity to pay principal and interest. An issue determined to possess a very strong capacity to pay debt service is given a plus (+) designation.

“SP-2” — A municipal note rated “SP-2” exhibits a satisfactory capacity to pay principal and interest, with some vulnerability to adverse financial and economic changes over the term of the notes.

“SP-3” — A municipal note rated “SP-3” exhibits a speculative capacity to pay principal and interest.

“D” — This rating is assigned upon failure to pay the note when due, completion of a distressed exchange offer, or the filing of a bankruptcy petition or the taking of similar action and where default on an obligation is a virtual certainty, for example due to automatic stay provisions.

Moody’s uses the global short-term Prime rating scale (listed above under Short-Term Credit Ratings) for commercial paper issued by U.S. municipalities and nonprofits. These commercial paper programs may be backed by external letters of credit or liquidity facilities, or by an issuer’s self-liquidity.

For other short-term municipal obligations, *Moody’s* uses one of two other short-term rating scales, the Municipal Investment Grade (“MIG”) and Variable Municipal Investment Grade (“VMIG”) scales provided below.

Moody's uses the MIG scale for U.S. municipal cash flow notes, bond anticipation notes and certain other short-term obligations, which typically mature in three years or less. Under certain circumstances, Moody's uses the MIG scale for bond anticipation notes with maturities of up to five years.

MIG Scale

“MIG-1” — This designation denotes superior credit quality. Excellent protection is afforded by established cash flows, highly reliable liquidity support, or demonstrated broad-based access to the market for refinancing.

“MIG-2” — This designation denotes strong credit quality. Margins of protection are ample, although not as large as in the preceding group.

“MIG-3” — This designation denotes acceptable credit quality. Liquidity and cash-flow protection may be narrow, and market access for refinancing is likely to be less well-established.

“SG” — This designation denotes speculative-grade credit quality. Debt instruments in this category may lack sufficient margins of protection.

“NR” — Is assigned to an unrated obligation.

In the case of variable rate demand obligations (“VRDOs”), a two-component rating is assigned: a long or short-term debt rating and a demand obligation rating. The long-term rating addresses the issuer's ability to meet scheduled principal and interests payments. The short-term demand obligation rating addresses the ability of the issuer or the liquidity provider to make payments associated with the purchase-price-upon demand feature (“demand feature”) of the VRDO. The short-term demand obligation rating uses the VMIG scale. VMIG ratings with liquidity support use as an input the short-term Counterparty Risk Assessment of the support provider, or the long-term rating of the underlying obligor in the absence of third party liquidity support. Transitions of VMIG Ratings of demand obligations with conditional liquidity support differ from transitions on the Prime scale to reflect the risk that external liquidity support will terminate if the issuer's long-term rating drops below investment grade.

Moody's typically assigns the VMIG short-term demand obligation rating if the frequency of the demand feature is less than every three years. If the frequency of the demand feature is less than three years but the purchase price is payable only with remarketing proceeds, the short-term demand obligation rating is “NR”.

“VMIG-1” — This designation denotes superior credit quality. Excellent protection is afforded by the superior short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

“VMIG-2” — This designation denotes strong credit quality. Good protection is afforded by the strong short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

“VMIG-3” — This designation denotes acceptable credit quality. Adequate protection is afforded by the satisfactory short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

“SG” — This designation denotes speculative-grade credit quality. Demand features rated in this category may be supported by a liquidity provider that does not have a sufficiently strong short-term rating or may lack the structural and/or legal protections necessary to ensure the timely payment of purchase price upon demand.

“NR” — Is assigned to an unrated obligation.

About Credit Ratings

An *S&P Global Ratings* issue credit rating is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program (including ratings on medium-term note programs and commercial paper programs). It

takes into consideration the creditworthiness of guarantors, insurers, or other forms of credit enhancement on the obligation and takes into account the currency in which the obligation is denominated. The opinion reflects S&P Global Ratings' view of the obligor's capacity and willingness to meet its financial commitments as they come due, and this opinion may assess terms, such as collateral security and subordination, which could affect ultimate payment in the event of default.

Ratings assigned on *Moody's* global long-term and short-term rating scales are forward-looking opinions of the relative credit risks of financial obligations issued by non-financial corporates, financial institutions, structured finance vehicles, project finance vehicles, and public sector entities.

Fitch's credit ratings relating to issuers are an opinion on the relative ability of an entity to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. Fitch credit ratings are used by investors as indications of the likelihood of receiving the money owed to them in accordance with the terms on which they invested. Fitch's credit ratings cover the global spectrum of corporate, sovereign financial, bank, insurance, and public finance entities (including supranational and sub-national entities) and the securities or other obligations they issue, as well as structured finance securities backed by receivables or other financial assets.

DBRS Morningstar provides independent credit ratings services for financial institutions, corporate and sovereign entities and structured finance products and instruments. Credit ratings are forward-looking opinions about credit risk that reflect the creditworthiness of an entity or security. The Rating Committee process facilitates rating decisions, which are a collective assessment of DBRS Morningstar's opinion rather than the view of an individual analyst. Ratings are based on sufficient information that incorporates both global and local considerations and the use of approved methodologies. They are independent of any actual or perceived conflicts of interest. DBRS Morningstar credit ratings are formed and disseminated based on established methodologies, models and criteria (Methodologies) that apply to entities and securities that we rate, including corporate finance issuers, financial institutions, insurance companies, public finance and sovereign entities as well as Structured Finance transactions. DBRS Morningstar methodologies are periodically reviewed and updated by the team.