Valuation Policy and Procedures

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Status of the Funds

The Firm (defined below) manages the assets of certain private investment fund clients (each a "Fund," collectively the "Funds").

The Valuation Policy and Procedures, dated July 1, 2013, contemplates that each Fund either (i) is not currently open to new capital investment and is currently being managed to monetize the investments in the Fund or (ii) the Fund's board of directors, members, and investment managers (as applicable) have suspended the issuance and redemption of all shares and have commenced an orderly wind down with a view toward eventual liquidation.

The Funds' assets/securities consist primarily of illiquid, hard-to-value securities/investments for which reliable third party pricing support often is not readily available on a cost effective basis.

It is important to note that the standards under ASC 820 – Fair Value Measurements and Disclosures, issued by the Financial Accounting Standards Board, assume that values are based on a "price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

The suspension and orderly unwind of certain Funds and the monetization of the other Funds does not, ipso facto, change the ASC 820 standard discussed in the preceding sentence as the suspension and orderly unwind of a Fund or the monetization of a Fund does not require a fiduciary to treat the assets of the applicable Fund as distressed assets or to act as a forced seller, absent other asset/security specific, fund specific, and market specific conditions.

Due to current status of the Funds, the assets/securities which remain in the Funds' portfolios, and the level under ASC 820 assigned to said asset/security (as discussed below), the Committee (defined below) fair values the majority of the Funds' assets/securities.

Committee Composition

The Committee shall consist of not less than two non-investment members (which include members of the risk team), and not less than one investment team member.

The Firm's General Counsel and/or Associate General Counsel shall serve as legal counsel to the Committee.

The Firm's Chief Compliance Officer shall serve as compliance adviser to the Committee.

Committee Voting Procedures

Investment team members will not be allowed to vote on fair value for an asset/security for which they make investment recommendations or provide discretionary investment advice.

Each Committee member is charged with abstaining from voting on any asset's/security's fair value in the event that he/she has a material conflict of interest due to her/his management of the position or provision of investment recommendations on the asset/security or due to another material conflict that prevents said member from being objective and fulfilling her/his responsibilities as a Committee member.

Three members shall constitute a quorum, two of which must be non-investment members.

For any vote on the fair value of an asset/security to pass, a majority of the Committee members in attendance during any quorum must agree on the proposed fair value and the majority must consist of at least one non-investment member if two non-investment members are present, and two non-investment members if three or more non-investment members are present and voting.

Each Committee member is empowered to declare that he/she (i) will abstain from casting an affirmative vote for or against a proposal, (ii) will vote for a proposal, or (iii) will vote against the proposal.

Further, each Committee member is empowered to suspend the voting process on a particular asset/security until further deliberation, investigation, and clarification is established to the Committee member's satisfaction.

Although there are members of the Committee who are Firm Principals and/or who are personally invested in the Funds and the securities/assets, the Committee's composition, voting requirements and procedure seek to mitigate and resolve the identified conflicts of interest.

Review Period for Assets/Securities

Due to the nature of the remaining Funds' assets/securities, the Committee will review all assets/securities fair value determinations on a monthly basis, regardless of the particular asset/security level and the availability of current independent price support; provided, however, those positions with zero value will be reviewed by the Committee on a quarterly basis.

Policy Statement

It is the Firm's policy to adopt the following procedures (the "Procedures") to require the Committee (defined below) to apply appropriate valuation methodologies in light of the circumstances and in furtherance of fair value accounting guidance and in accordance with US GAAP for the various assets/securities purchased for the Funds of Stark & Roth LLC and its affiliates (collectively, the "Firm").

The Committee is charged with consistently adhering to the Procedures and utilizing verifiable methodologies which are properly documented to arrive at a fair value for the assets, overseeing the application of the Procedures by the Firm and by any Administrator (defined below).

Procedures

Assets/securities shall be priced (i) by the Firm or a third-party administrator (each an "Administrator," collectively the "Administrators"), as applicable, in accordance with the methodologies indicated below, unless (ii) otherwise priced (or a pricing recommendation is provided to the administrator, when applicable) by the Firm's Fair Value Committee (the "Committee").

It is often difficult to obtain marks from brokers, counter-parties and other third-parties. As a result, it is not always possible to obtain the bid and ask marks referenced below.

Where the Procedures indicate that a bid or ask price will be utilized to mark a position, and the Firm or Administrator instead receives only one or more indicative prices from a broker, counterparty or third-party pricing or data service, that price, or those prices, may be used as the basis for the mark; provided, however, that market illiquidity is not so great and that quality market information is not so low that such prices should not be considered as one of several observable inputs by which the mark is derived. If the Firm receives quotes from more than one source, the Committee will select from the quote or quotes which in its opinion best reflects the value of the asset/security.

Process

The Funds are required to report their NAV and audited annual statements under U.S. Generally Accepted Accounting Procedures. It is the opinion of the Firm that the majority of the Firm's Funds under management fall under the definition of an Investment Company under ASC 946 issued by the Financial Accounting Standards Board ("FASB"). As such, the Funds must record its investment assets and liabilities at Fair Value which is further defined by ASC 820.

Investments are categorized as Level 1, 2 or 3 in direct application of accounting standard ASC 820.

Level 1 Assets/Securities are categorized as:
Liquid assets/securities – Quoted prices (unadjusted) in active markets for identical assets/securities or liabilities that the Firm/Administrator has the ability to access as of the measurement date.

Level II Assets are categorized as:
Assets/securities whereby prices are not readily available from an exchange, but inputs to valuation are observable for the asset/security. For some OTC securities, this may include bid and ask levels from one or more market participants. Some assets/securities whose prices are observable, but where markets are thinly traded (illiquid), will be categorized as level II.

Level 3 Assets are categorized as:
No observable market prices available for the applicable security/asset. Additionally, many inputs for valuation for said applicable security/asset are not readily observable. These securities/assets will generally be private investments in non-public companies.

The Firm's Fund Controller (or his delegate) is responsible for categorizing each Fund asset/security as Level 1, 2, or 3.

The Fund Controller performs this procedure as frequently as monthly, but not less than quarterly, based upon appropriate criteria. The Chief Financial Officer (the "CFO") supervises the Fund Controller's (and his delegate's) adherence to the Procedures.

The CFO is responsible for ensuring that Fund asset/security valuations are supported by market data, third-party pricing sources, industry or internally tested third-party or proprietary pricing models, counterparty prices or such other methods as the CFO, in consultation with the Committee, deems appropriate.

Such support shall be obtained by the Firm's back-office staff and the accumulation of said data support is overseen by the CFO.

For level 1 and some Level 2 assets, the Portfolio Manager for the asset/security (the "PM") or her/his delegate must review the mark obtained by independent means.

The PM (or her/his delegate) is responsible for informing the Committee if the PM concludes that the mark is not reflective of an accurate price for the asset/security.

For the remaining Level 2 and all Level 3 asset/securities, the PM (or her/his delegate) on the asset/security is responsible for providing to the Committee prior to month-end the following:

(i) A recommendation as to the most proper methodology by which to assess the fair value of the asset/security; and,
(ii) A fair value recommendation for the asset/security; and,
(iii) A model with materially relevant inputs which have been updated appropriately to reflect any material changes; and,
(iv) Written documentation to evidence the factual basis for the PM's recommendation to the Committee, which may be presented by the PM's delegate.

The use of the term "model" is this document should not imply that all possible variables that impact valuations are captured and recalculated on a monthly basis. It is not practical or cost effective to do this. However, a model should attempt to capture the significant inputs that go into the Firm's assessment of Fair Value and if updated information is available without undue cost or effort, it should be obtained. In some cases, a model can be as simple as estimating the impact of an observable event to a previous period's more detailed model.

Absent receipt of the aforementioned information from the PM (or the delegate thereof) on the asset/security, the Committee procedurally may not vote on a fair value for the asset/security and the Committee immediately shall inform the Office of the Chief Investment Officer ("OCIO") that the PM has not provided necessary information to fair value the asset/security.

A member of OCIO shall be responsible for providing the information to the Committee to permit the Committee to arrive at a fair value determination on the applicable level 2 or 3 asset/security if the PM (or her/his delegate) does not provide sufficient information to the Committee pursuant to the Procedures.

The Committee shall take into account all available information from all sources while deliberating upon and determining fair value for a level 2 or 3 asset/security.

The Committee, not the PM or OCIO, is responsible for determining the most appropriate methodology for the asset/security and for determining its fair value.

The Committee shall establish fair value for an asset/security, applying the most appropriate methodology for determining fair value under US GAAP in light of all relevant circumstances even when:

1. There is no pricing feed or external pricing source for an asset/security (e.g., structured finance loans extended by the Firm and certain trade credits) and the Fund Controller is unable to reconcile with the PM the asset's/security's fair market value to the Fund Controller's satisfaction.

2. A PM requests further evaluation of the current fair value determination by the Committee due to his/her belief that the asset/security is not accurately fair valued, applying the Procedures.

3. Testing by the Fund Controller following a month-end results in a finding by the Fund Controller that there is not adequate support (in her/his opinion and in the opinion of the CFO) of the value asserted by the PM, as reflected in how the position is marked.

Each Fund is also subject to an annual audit of its financial statements conducted by a qualified independent public accounting firm.

Timing of Application of Fair Value Procedures

Typically five (5) business days prior to month-end, the Fund Controller (or his designee) shall create a report of all assets/securities that require valuation by the Committee and shall distribute the report to all PMs, PM delegates, and Committee members.

Each PM (or her/his delegate) on an asset/security shall be available either in-person or telephonically to present to the Committee, to answer the Committee's inquiries, and to provide information requested by the Committee.

The Committee will normally meet during the four (4) business days prior to month-end as well as the three business days following month-end in order to obtain all relevant input from PMs, third-parties, and other sources it deems appropriate to establish fair value for the Funds' assets/securities.

Back-Testing

The Fund Controller periodically shall back test valuations set by the Firm/Committee or Administrator after such assets/securities are sold. The Fund Controller shall report his findings to the Committee and to the Firm's senior management.

The Fund Controller shall retain records to evidence his testing and findings.

The Committee shall be charged with amending these Procedures and applied methodologies to the extent deemed appropriate in light of the Fund Controller's testing results.

Distressed or Forced Seller

In certain circumstances, a Fund may be limited as to its holding period, which may prevent the Fund from being a participant in the optimal market for the investment. As such, the Committee will consider transactions that could be considered to be distressed or "forced sales" in determining what will be the primary market for the projected realization of the investment.

In the event that the Committee concludes that any asset/security is a distressed transaction based upon the specific facts, the Committee (in furtherance of its obligations to determine the method, understand the process, and continuously evaluate the appropriateness of the method used for valuing an asset/security) will determine the fair value of the asset/security after properly accounting for an "exit price" for that asset/security by taking into account the market conditions during that period.

Current / Continuing Investment types

Side Pocket/Private Equity

As investments in side pockets are often difficult to value on a real-time basis, valuation changes to the prices of such assets/securities generally will be made only in the following situations:

- Monthly – when the asset/security has matured to a point where it has estimable future cash flows or when the Committee determines, based on information provided by the PM (or delegate thereof), that a measurable material economic event has occurred affecting the asset's/security's fair value.
- Semi-annually - when the Committee receives the analysis of an independent third-party valuation firm.

Factors considered when marking a side pocket position include, but are not limited to, estimated future cash flows, risk adjusted discount rates, recent comparable transactions in the marketplace, all relevant and known operating and competitive environment information as well as independent valuations.

While the Committee will take a third-party valuation report under advisement when making its determination of an asset's/security's fair market value, the Committee is not bound to mark the position to the value determined by the independent third-party valuation firm.

New OTC Instruments

Any new OTC instrument type not yet addressed by the Procedures typically will be valued using dealer or third-party supplied quotes. In the absence of such a quote the Committee will select an appropriate method to price the asset/security, which may include use of an internal or external model.

OTC and Exchange Instruments

Asset-Backed Debt Securities	Asset-Backed Securities, which trade predominantly in the over-the-counter market, are typically valued at their bid prices, if long, and ask prices, if short, in the over-the-counter market or at marks provided by a third-party. Bid/ask prices may be received as part of a "bid wanted in competition" or "BWIC" process and are deemed to be a better representation of Fair Value than month end indicative quotes. When bid or ask prices, as applicable, and/or third-party marks are unavailable or deemed by the Firm to not represent fair value, the Firm may value such positions based on a variety of factors, including, but not limited to: (i) recent trading activity for the same or substantially similar instruments, (ii) bid or ask prices for one or more instruments that are deemed by the Committee to be similar to those in question, (iii) third-party vendor models, (iv) Firm-developed models, or (v) other methods deemed appropriate by the Committee.
Corridor Variance Swaps and Correlation Swaps	Corridor variance swaps and correlation swaps are generally valued using the valuation statement received from the swap counterparty. If the Firm believes the statement is not representative of an arm's length exit price, the Firm may obtain an unwind price from the counterparties trading desk for additional guidance along with models maintained by the Firm's Quantitative/Risk Team.
Common Stock, Indices, Futures	Securities which are listed on one or more U.S. or non-U.S. securities exchanges are valued utilizing a third-party provided composite of the last reported sales price (or official closing price, if applicable) on the date of determination, or, if no sale occurred on that day, at the mean between the bid and ask price on such day. Listed securities for which no composite is available will be valued at the last reported sale price (or official closing price, if applicable) on the date of determination, or, if no sale occurred on that day, at the mean between the bid and ask price on such day. Unlisted securities are valued at their bid prices, if long, and ask prices, if short.
DECs, Preferred Stock, and Convertible Securities	Unlisted and listed securities that trade predominantly in the over-the-counter market are valued at their bid prices, if long, and ask prices, if short. Convertible securities may be valued at their conversion value if such value more accurately represents the price obtainable for the security than the foregoing. When the Firm is aware that the dealer or third-party supplied prices on convertible securities reference an inaccurate underlying stock price, dollar nuking may be utilized to value the positions.
Currency Forwards	Currency forwards are marked using an internal model based on a standard industry practice, using applicable spot and forward rates.
Investments with other Managers	Investments with other portfolio managers are marked to market based on the values furnished by the portfolio manager or by any other persons whom the Firm believes are competent to make such determinations, including, but not limited to, administrators or public auditors.
Land banking	Land banking assets that are associated with performing option contracts are typically valued at the net present value of expected future cash flows. The Firm applies an appropriate discount rate to expected future cash flows based upon the inherent level of risk. Factors to be considered in setting the discount rate include current borrowing rates, potential default rates and the future outlook for local real estate markets (in the context of recovery rates). Nonperforming land banking assets are valued by the Firm in good faith and reviewed by the Committee. It is important to note that each asset is unique and requires an individual model and analysis. Factors to consider include (i) comparable sales in similar markets, (ii) new constructions trends in the local market, (iii) ongoing discussions with home builders, (iv) ongoing entitlement work and other micro and macroeconomic factors that impact the value of the underlying real estate.

Life Settlements Contracts	Valuations of life settlements contracts that are not publicly traded will be made by the Firm in good faith and reviewed by the Committee. Costs in excess of the contract's face value are expensed as incurred.
Middle Market Loans	Valuations of middle market loans will be made by the Firm in good faith and reviewed by the Committee. Factors which the Firm may consider include, but are not limited to, recent new issuance and secondary market transactions, dealer quotes on loans in similar sectors traded in more broadly syndicated markets, whether the borrower is current on its interest obligations, liquidity of the loan, current syndicated loan market spreads, the Firm's own internal risk ratings and the status of the loan's covenants.
Private Placement Converts and Private Placement Corporate Bonds	Unlisted securities that trade predominantly in the over-the-counter market are valued at their bid prices, if long, and ask prices, if short, in the over-the-counter market. Private placement convertible securities and corporate bonds for which no public market exists are generally valued using the Firm's internal models, with volatility and credit spread assumptions reviewed by the Committee. Convertible securities may be valued at their conversion value if such value more accurately represents the price obtainable for the security than the foregoing.
Variance Swaps	Variance swaps are valued with internal models using dealer or third-party supplied implied volatilities or dealer or third-party supplied prices. When using the supplied implied volatility, the position is marked using the formula contained in the contract that relies on inputs of realized and implied volatility levels of the underlying instrument or index.
Variance Swap Options	Options on variance swaps that trade predominantly in the over-the-counter market are valued utilizing dealer or third-party supplied prices.
Trade Receivable	Trade receivables are valued at their bid prices, if long, and ask prices, if short, in the over-the-counter market, if available. If a bid/ask price is not available, the investment will be marked to the last observable price provided to the internal valuation team and that team will review with the investment manager to ensure that this level is the fair value. If no quote is available, the receivable will typically be marked at cost, net of basis reduction, or zero.
Total Return Swap	The instruments underlying total return swaps are valued in the same way that they are valued if they are held in another form of custody. No more or less value is assigned to the underlying instrument simply because it is held inside a total return swap structure. The financing cash flows associated with the swap are accrued daily and are generally exchanged on a monthly basis, or upon termination, with the counterparty.
Warrants	Unlisted warrants and listed warrants that trade predominantly in the over-the-counter market are valued at bid prices, if long, and ask prices, if short. Actively traded warrants which are listed on one or more securities exchanges are valued at last sale while such warrants that are not actively traded are valued at bid prices, if long, and ask prices, if short. Notwithstanding the foregoing, if the Firm determines that the applicable exchange/over-the counter value is not an accurate representation of value due to factors such as, but not limited to, low trade volume or stale pricing references, then it may apply the valuation methodology for private placement warrants. Warrants may be valued at their conversion value if such value more accurately represents the price obtainable for the security than the foregoing.

Warrants associated with private placement investments will be priced at the broker supplied prices when available. In the absence of such prices, these warrants are generally valued using Black-Scholes. In such cases, the Committee will typically reference a historical volatility level for a period believed appropriate given the length of time remaining until the warrant expiration date, though anticipates accepting a volatility level greater than 50 only in unusual circumstances. When appropriate, a discount will be applied to the premium portion of the resulting value to reflect the illiquidity of these instruments. Private placement warrants may be valued at their conversion value if such value more accurately represents the price obtainable for the security than the foregoing.

Film Production Financing

Film Production Financing investments that are not publicly traded will be valued by the Firm in good faith and reviewed by the Committee. Fees collected from the financings will be amortized over the duration of the note and any "equity rights income" from the investment will be included in the value of the investment. Factors that the Firm will consider include, but are not limited to, whether the borrower is current on their interest obligations, the underlying film results when available, pre-sale figures, and impairment tests. Participations offered to Stark affiliated private investment funds will be sold (i) only at the investment's inception, (ii) on the same terms as those provided in the underlying investment, and (iii) at the same price as that for which the underlying investment was purchased.

Forward Volatility Swaps

Forward volatility swaps are valued utilizing the mid between dealer or third-party supplied bid and ask prices or by inputting dealer or third-party supplied volatility surfaces into an internal model.

Catastrophe Related Instruments

Due to the more subjective nature involved in pricing certain of the following instruments, it is anticipated that a higher level of oversight may be needed by the Controller (as hereinafter defined) and/or the Committee than may be necessary with other instruments where third-party marks are readily available.

Catastrophe Bonds

Catastrophe bonds, which trade on the over-the-counter market, are valued at the average of two independent bids, if long, and asks, if short, when two independent sources are available. When only one source is available, the bond will be marked to that bid or ask, as applicable. If no source is available, the bond will be marked by the Firm based upon other information sources such as the bids or asks from other dealers, from comparable bonds or the pricing of other comparable risk-linked instruments.

OTC Catastrophe Swaps / Contracts

The value of an OTC catastrophe swap or contract is initially set at an amount equal to the fixed payment or premium under the agreement. In absence of a loss event, the value of the swap/contract at any time subsequent to inception shall be equal to the remaining risk per the risk dissipation schedule multiplied by the total swap/contract premium (excluding any contingent or reinstatement premium and taking into consideration broker or counterparty quote(s) indicating a change in the premium for such a swap/contract or similar swaps/contracts). Prior to the first pricing date following the inception of the swap/contract, a schedule of the rate of risk dissipation over the term of the swap/contract will be determined. The risk dissipation schedule, derived from third-party catastrophe models and/or historical experience, may be updated or modified periodically to reflect catastrophe model updates, new information made available to the Firm with respect to historical experience or as otherwise determined by the Firm. Should a potential trigger event occur, the value will be adjusted to reflect estimated loss payments under the swap/contract, as discussed further below, and changes to the remaining risk as a result of any decrease in notional value (i.e., floating contract payments erode the notional value leaving less value exposed to future events and thus less risk remaining).

To clarify, as third-party marks are more readily available for swaps/contracts based on an industry loss index when valuing such swaps/contracts, the Firm typically utilizes indicative broker quote(s) or exchange-traded catastrophe derivative pricing which may indicate a change in the premium for one or more similar swaps/contracts.

The occurrence of events to which the swaps/contracts are at risk may result in increases in value up to the notional amount (such increases may result in investment gains if held long and losses if held short). Upon and following the occurrence of an event potentially affecting the swap/contract value, the Firm will review event reports provided by counterparties, brokers, index providers, catastrophe modeling firms, industry groups or other sources, as well as other relevant information, including, but not limited to, the pricing of swaps/contracts tied specifically to the relevant event and results of various catastrophe modeling analyses performed by the Firm or other parties.

Exchange-Traded Catastrophe Derivatives

Exchange-traded catastrophe derivatives will generally be valued at the bid prices, if long, and ask prices, if short as provided by the exchange on which such instrument is listed. If exchange pricing is unavailable, the Firm will determine the value of such instrument according to the valuation procedure for OTC Catastrophe Swaps / Contracts.

Other Risk-Linked Investments

Risk-Linked Investments may be structured as preference shares or other equity investments in a segregated account of a reinsurance company or other special purpose reinsurance vehicle. The value of the underlying reinsurance contract participation and collateral account components is determined by taking the sum of (i) the underlying premium multiplied by the cumulative risk dissipation (when available) to date under the contract(s), plus (ii) the value of the underlying capital/collateral, less (iii) the estimate of unpaid loss payments on the underlying contract(s).

When the Firm has insufficient information to value the underlying components individually, it will generally rely on information or marks received from one or more counterparties, brokers or other third-parties.

The Firm may employ risk dissipation valuation adjustments to estimate incurred losses which may differ from the counterparty/broker.

Historic Investment types – not currently in wind down portfolio

Ascots

Ascots are priced at their intrinsic value, which is the difference between their current bond floor ("strike price") and the current value of the underlying bond. Long ascots are never marked below zero, because they represent an option, not an obligation, to repurchase the underlying bond at the bond floor price. Notwithstanding the foregoing, ascots may be marked above intrinsic value if that value can be confirmed to an outside counterparty. Bond floors are calculated using applicable Bloomberg models.

BMW Swaps

BMW Swaps are valued utilizing bid prices, if long, and ask prices, if short. In the absence of bid/ask pricing, they will be valued using dealer or third-party supplied prices.

Bank Debt

Bank Debt is valued at bid prices, if long, and ask prices, if short.

Bond Instruments

Agency Bonds

Agency Bonds, which trade predominantly in the over-the-counter market, are typically valued at their bid prices, if long, and ask prices, if short or at marks provided by a third-party. Bid/ask prices may be received as part of a “bid wanted in competition” or “BWIC” process and are deemed to be a better representation of Fair Value than month end

	indicative quotes. When bid or ask prices, as applicable, and/or third-party marks are unavailable or deemed by the Firm to not represent fair value, the Firm may value such positions based on a variety of factors, including, but not limited to: (i) recent trading activity for the same or substantially similar instruments, (ii) bid or ask prices for one or more instruments that are deemed by the Committee to be similar to those in question, (iii) third-party vendor models, (iv) Firm-developed models, or (v) other methods deemed appropriate by the Committee.
Corporate Bonds	Unlisted and listed securities that trade predominantly in the over-the-counter market are valued at their bid prices, if long, and ask prices, if short.
Municipal Bonds	Municipal bonds are marked to the bid price for long positions and ask price for short positions, as provided by a third-party pricing service such as Interactive Data Corp (IDC). Where the third-party pricing service is unable to provide a price, the Firm uses an available counterparty or third-party mark.
Sovereign Bonds and Sovereign Index Linked Bonds	Sovereign Bonds and Sovereign Index Linked Bonds are valued at bid prices, if long, and ask prices, if short.
Treasury Bonds	U.S. Treasury securities that trade predominantly in the over-the-counter market are valued using dealer or third-party marks based on their value in the over-the-counter market as of 2pm CST on the date of determination.
Collateralized Loan Obligations and Collateralized Debt Obligations	The value at which investments are transferred between a Stark affiliated fund and a Collateralized Loan Obligation (CLO) vehicle, in which such Stark affiliated fund maintains an ownership interest, will be governed by the language contained in the legal documents of such CLO. It is anticipated that the value at which the loans are transferred in and out will typically be par. Equity and Debt holdings in CLO/CDO structures that are not affiliated with Stark funds and that trade predominantly in the over-the-counter market are valued at bid prices, if long, and ask prices, if short.
Commodities	Unlisted or look-a-like commodity fixed swaps, futures, and options (those that are structured to mirror the underlying exchange listed contract) are marked to the exchange published settle price for the listed vehicle. When unavailable, a dealer or third-party supplied quote is used to mark the position. Commodity fixed swaps, futures, and options which are listed on an exchange are marked to their published settle prices or, when unavailable, dealer or third-party supplied quotes. For commodities that trade in strips, if an entire year is held on the books (i.e., every month of the year is owned), each month is marked to the yearly average settle price. This yearly average settle price is either (i) published by an exchange, (ii) provided by a dealer or third-party quote or (iii) determined through a calculation averaging the settle prices of each individual month of the strip to arrive at the yearly average strip price. Once the strip is broken (i.e., the current month is a month that falls in the calendar strip), the positions are marked to the average quarterly strip exchange settle price or dealer or third-party supplied quote. Once the quarterly strip is broken, each month is marked to its individual exchange settle price or dealer or third-party supplied quote. For commodities that trade in seasonal strips the positions will be marked to their summer or winter strip exchange settle price or dealer or third-party supplied quote until the strip is broken. The summer strip price consists of April - September and the winter strip consists of October - March. Once the strip is broken the positions will be marked to their individual exchange settle price or dealer or third-party supplied quote.

	Calendar swaps are those where the floating leg expires ratably over the calendar month rather than the contract month expiry. If no settle price exists for the specific calendar contract, weights will be applied to exchange settle prices or dealer or third-party supplied quotes of the future contracts that the calendar contract corresponds to. Fixed price natural gas swaps are priced at their exchange settle price or dealer or third-party supplied quote. If a settle price and dealer quote are unavailable, the sum of the listed corresponding basis swap and the corresponding Henry Hub contract are used. As a basis swap represents the difference between a fixed point and Henry Hub, adding the Henry Hub settle price to the basis swap settle price produces a fixed point settle price. Spread swaps generally trade the difference between two contracts (e.g., crack spread). If no exchange-settled price or dealer or third-party supplied quote is available, the mark shall be difference between the settle prices or dealer or third-party supplied quotes of underlying contracts.
Commodity Forwards	Commodity Forwards are valued at their bid prices, if long, and ask prices, if short, in the over-the-counter market.
Credit Default Swap	Single name credit default swaps (CDS), index credit default swaps (CDX and iTraxx), and single name loan credit default swaps (LCDS) are valued using an internal model with dealer or third-party spreads and/or up-front prices/curves. The internal model is based on an industry standard JPMorgan model. In the alternative and when deemed appropriate, the Firm may use a third-party mark or, when available, the bid prices, if long, and the ask prices, if short. CDS on asset backed pay-as-you-go securities (“ABS (PAUG)”) are valued using dealer or third-party supplied market values. Asset-backed indices (ABX), ABX tranche indices (TABX), commercial mortgage-backed loan indices (CMBX) and credit default indices on loans (LCDX) are quoted in bond points and the price is derived either by subtracting 100 from the dealer or third-party supplied quote or using the straight bond quote. Bid quotes are used when net long the index and ask quotes are used when net short the index. LCDX tranches are valued using an internal model which is calibrated using dealer or third-party supplied quotes for each tranche. The quotes for tranches are either in points up-front or in spread. Bid quotes are used when long and ask quotes are used when short. Multiple positions which belong to the same tranche and series are priced using a weighted average price. The Firm may instead choose to use dealer or third-party supplied prices. When the aforementioned pricing methods, as applicable to each of the instrument types, are unavailable or deemed by the Firm’s back-office to not represent fair value, the Firm may value such positions based on a variety of factors, including, but not limited to: (i) recent trading activity for the same or substantially similar instruments, (ii) bid or ask prices for one or more instruments that are deemed by the back-office to be similar to those in question, (iii) third-party vendor models, (iv) Firm-developed models, or (v) other methods deemed appropriate by the Committee. Representative bid/ask prices may be received as part of a “bid wanted in competition” or “BWIC” process.
Credit Default Swap Options	CDS Options are valued at their bid prices, if long, and ask prices, if short.

Currency Options	Currency options are valued using vol levels obtained from dealers, third-parties or Bloomberg which are then input into an industry accepted Bloomberg model. In the alternative, options may be valued using dealer or third-party supplied prices.
Dispersion Variance Swaps	Dispersion variance swaps are typically valued using the formula contained in the contract that relies on inputs of realized and implied volatility levels. Implied volatility levels are received from dealers or third-parties, and the Firm marks to this level. If implied volatility levels are not available, the Firm will utilize the dealer's or third-party's implied bid volatility, if long, or ask volatility, if short, for the index variance swap and the share basket variance swaps. . Exotic dispersion variance swaps that trade predominantly in the over-the-counter market are valued utilizing dealer or third-party supplied prices.
Dividend Swaps	Dividend swaps are typically valued at the present value of the difference between their strike price and dealer or third-party supplied implied dividend levels. If the Firm receives implied dividends levels from more than one source, it may select the levels which in his/her opinion best reflects the value of the security, or, when appropriate, take an average of the levels, subject to review by the internal valuation team. In cases where only an implied dividend curve is available, FINCAD or an appropriate model is used to arrive at an interpolated implied dividend level. The Firm, in its discretion, may use dealer or third-party supplied prices to value these positions when it deems it appropriate.
Dividend Swap Options	Options on dividend swaps are valued utilizing dealer or third-party supplied prices.
Equity Default Swaps	Equity Default Swaps are valued utilizing their bid prices, if long, and ask prices, if short.
Index Knockout and Double No Touch Options	Index knockout and double no touch options are valued utilizing bid prices, if long, and ask prices, if short.
Index Out-Performance Options	Index out-performance options are valued utilizing bid prices, if long, and ask prices, if short.
Interest Rate Swaps ("Swap Legs") and Swaptions	Interest rate swaps and swaptions are valued using a model developed by the Firm, and all values are back tested to counterparty quotes. Interest rate swaps and swaptions that are not valued using internal Firm models are marked directly to counterparty marks.
Options	Options which are listed on one or more U.S. or non-U.S. securities exchanges are valued at the mean between the bid and ask prices on the date of determination. Unlisted options are marked using a dealer or third-party quoted price. When unavailable, dealer or third-party supplied volatility levels will be input into an industry standard option model to compute the price. Models utilized include, but are not limited to, those available through Bloomberg, the London Metal Exchange, FINCAD and Kiodex.
PIPES	PIPES, or privately placed unregistered common stock, if issued at a discount to the underlying registered shares, are valued in a manner that reduces such discount over the life of the expected registration period. Accordingly, cost will typically be used on the acquisition date and the composite of the last reported sales price (or the official closing price, if applicable) of the underlying registered shares, or if no sale occurred, the mean between the bid and ask prices, will be used on the last day of the registration period and all subsequent days. If warrants are received in connection with the issuance of such shares, the initial value of the warrants will be included in the discount that is to be reduced over the life of the expected registration period. If no discount exists on the issue date, then the position will be valued at the composite of the last reported sales price (or official closing

price, if applicable) of the underlying registered shares on the date of determination, or if no such sale occurred, at the mean between the bid and ask prices on such date.

Repos and Reverse Repos	Repo and reverse repo contract cash flows are accrued daily according to the terms of the trade and are reconciled directly to the broker whenever the contract itself expires or rolls and cash flows are exchanged. The position underlying the repo or reverse repo contract is valued in accordance with these Valuation Policies and Procedures.
Tender Option Bond Residual	Tender option bond ("TOB") residual instruments represent ownership interests in TOB Trusts. Stark values these residual instruments at zero because the entire value of each trust is reflected in the combination of the underlying bond positions (inclusive of accrued interest), the underlying financing accruals, and any applicable fees and charges for each trust. The valuation methodology for the bonds contained in such trusts is defined in the "Municipal Bonds" section above.

Reports to the Firm's Senior Management

The CFO, on behalf of the Committee, is charged with apprising the Firm's Senior Management of any material issues which arise related to the Committee's application of the Procedures.

Additionally, the fair value determinations of each asset/security in the Funds shall be available electronically to Senior Management.

Adoption of the Procedures

Firm's senior management and the Funds' board of directors shall review and adopt the Procedures and any material amendments thereto.