

61. EDGE196™ may make certain purchases even where there are certain inherent risks associated with companies experiencing extenuating circumstances.

EDGE196™ may invest in securities and obligations of companies that are experiencing extenuating circumstances. Such extenuating circumstances may include financial stress, including insufficient access to capital, whether equity or debt, shareholder or third-party litigation, and/or management turnover customer dislocations. EDGE196™ believes that such companies can provide opportunities for excellent purchase returns. However, repayment of debt obligations and purchases in companies experiencing such circumstances involves significant risk if the extenuating circumstances are not managed and the problems are not resolved expediently. In such cases, EDGE196™ may lose all or substantially all of its loans or other purchases in such companies.

62. EDGE196™ is expected to be a minority interest holder in certain of the portfolio companies that it will invest in and, as such, EDGE196™ will often not retain the right to direct management like it would were it a majority holder.

Certain of EDGE196™'s purchases are expected to be minority positions in privately held companies. As is the case with minority holdings in general, such minority positions that EDGE196™ may hold will have neither the control characteristics of majority positions nor the valuation premiums accorded majority or controlling positions. As a minority holder, EDGE196™ typically will not have the right to direct the management or strategic direction of portfolio companies or to consent to major decisions with respect to the business of portfolio companies. In such cases, EDGE196™ will be relying on majority owners in the portfolio companies to make decisions that will be beneficial to the portfolio companies and increase the value of EDGE196™'s portfolio purchases.

63. EDGE196™ may offer bridge financing to portfolio companies.

EDGE196™ may lend funds to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in our control, such long-term securities may not issue and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by us.