

Part 2A of Form ADV: Firm Brochure

Morgan Stanley Real Estate Advisor, Inc.

as Adviser to Morgan Stanley Real Estate Mezzanine Partners, L.P.

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March 31, 2011

This Brochure provides information about the qualifications and business practices of Morgan Stanley Real Estate Advisor, Inc. (the “Adviser”). If you have any questions about the contents of this Brochure, Fund investors should contact Morgan Stanley Real Estate Investor Services at (212) 761-7160 or email msreinvestor@morganstanley.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

The Adviser is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training. The oral and written communications of an Adviser provide you with information about which you determine to hire or retain an Adviser.

Additional information about the Adviser also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

On July 28, 2010, the SEC published “Amendments to Form ADV” which amends the disclosure document that we provide to clients as required by SEC rules. We provide this brochure to our clients as well as limited partners of the private funds that we manage (“Limited Partners”). This Brochure is a new document prepared according to the SEC’s new requirements and rules. As such, this document is materially different in structure and requires certain new information that our previous brochure did not require.

In the past we have offered or delivered information about our qualifications and business practices to clients on at least an annual basis. In the future, we will provide clients and Limited Partners with a summary of any material changes to this and subsequent Brochures within 120 days of the close of our fiscal year. We may provide additional disclosures about material changes as necessary.

We will further provide clients and Limited Partners with a new Brochure as necessary based on changes or new information, at any time upon request, without charge upon request.

Currently, our Brochure may be requested by contacting Morgan Stanley Real Estate Investor Services at (212) 761-7160 or email msreinvestor@morganstanley.com.

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Item 4 – Advisory Business

Morgan Stanley Real Estate Advisor, Inc. (the “Adviser”) was formed in 2003 and registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”) in 2007.

The Adviser is a wholly-owned direct subsidiary of Morgan Stanley.

As of December 31, 2010, the Adviser had approximately \$9,560,300,000¹ of client assets under management, all of which are managed on a discretionary basis.

The Adviser, in its capacity as the investment manager of each of Morgan Stanley Real Estate Mezzanine Partners A, L.P. (“Fund A”), and Morgan Stanley Real Estate Mezzanine Partners B, L.P. (“Fund B,” and together with Fund A, the “Funds”), provides discretionary investment advisory services to the Funds in connection with real estate-related investments made by the Funds.² The Adviser’s investment advisory services and duties as investment manager to each Fund are specified in an investment management agreement between the Adviser and each Fund. The Adviser does not otherwise tailor its advisory services.

The principal purpose of each Fund is to seek to provide investors with current income and capital appreciation through investments in forms of real estate-related debt and debt securities and related instruments, including subordinated mezzanine debt securities, CMBS mezzanine loans, high yield bank loans, mezzanine construction loans, B notes, preferred equity, loan participations, whole loans, bridge loans and other debt or equity securities and instruments, subject to the restrictions specified in the limited partnership agreement of each Fund. In addition, each Fund may invest in derivative transactions, including, but not limited to, futures contracts, swaps, exchange-listed and over-the-counter put and call options on securities, indices, forward foreign currency contracts and various interest rate transactions. Each Fund may also make temporary and follow-on investments.

The Confidential Private Placement Memorandum for each of the Funds includes further details on fees and compensation and related matters.

¹ Real Estate Assets Under Management (RE AUM) represents gross fair market value of the Real Estate assets managed by the Adviser on behalf of its clients, presented at direct ownership interest. RE AUM for certain minority interests represents the clients’ equity investment in the entity.

² The Adviser also serves as the investment manager of certain other clients. Please see the Adviser’s separately filed brochure for information relevant for such clients.

Item 5 – Fees and Compensation

Management Fees

The Adviser is paid a quarterly management fee (payable in arrears) by each Fund (and funded by each Limited Partner investor) in an amount equal to 0.25% (i.e., at an annual rate of 1%) of the net invested capital of each Limited Partner, measured as of any date of determination.

Carried Interest

The general partner of each Fund (the “General Partner”), an affiliate of the Adviser, will also be entitled to receive carried interest distributions (if any) in an amount equal to 20% of the net profits of such Fund, provided that each Limited Partner has first received an 11% preferred return, compounded annually, on its invested capital. With respect to each Fund advised by the Adviser, the Fund as a whole, or in some cases a specific limited partner within a Fund, is entitled in certain circumstances to the benefit of a “clawback obligation” of the General Partner in respect of any carried interest distributions it receives from such Fund.

The Adviser or the General Partner of each Fund, as applicable, reserves the right, in its sole discretion, to reduce all or any portion of or modify in any way the management fee or carried interest applicable to any Limited Partner (including without limitation, Morgan Stanley and its employees and other affiliates) as may be agreed to by the Adviser or such General Partner and any such Limited Partner.

Placement Fees

With respect to the Funds, broker-dealer affiliates of the Adviser act as placement agents in connection with the placement of the Fund’s interests. To the extent these broker-dealers receive fees in connection with such placements, the placement fees are paid by the Adviser.

Expenses

Each of the Adviser and the General Partner of each Fund will bear its own costs of compensation of officers and employees and related overhead expenses, except as otherwise described below.

Each Fund will pay its allocable portion of all expenses incurred in connection with the operations of the Funds. The most common expenses include (i) expenses incurred in connection with identifying, evaluating, structuring and negotiating any potential Fund investment (including reverse break-up, termination and other similar fees payable by the Fund, deposits and commitment fees) and the acquisition, holding, sale, proposed sale or valuation of any Fund investments, (ii) all loan servicing fees and similar expenses incurred by the Funds in connection with their portfolio investments, and (iii) ordinary administrative expenses, including fees of auditors, attorneys, the Fund's valuation agent and other professionals, costs of annual meetings and reports to Limited Partners .. In addition, Morgan Stanley may provide the Funds with certain data processing, legal or insurance purchasing or administrative services (but excluding accounting services) which would otherwise be performed for the Funds by third parties and, in such event, Morgan Stanley will be reimbursed by the Funds therefor.

In addition, the General Partner of each Fund may retain Morgan Stanley to provide various investment banking or other advisory services for such Fund and cause such Fund to pay Morgan Stanley customary fees for these services.

See also Item 12 relating to certain transaction fees and expenses which may arise from the brokerage practices of the Funds.

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

As described in Item 5, the Adviser has entered into performance fee arrangements with qualified clients: such fees are subject to individualized negotiation with each such client. The Adviser will structure any performance or incentive fee arrangement subject to Section 205(a)(1) of the Advisors Act in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. Performance based fee arrangements may create an incentive for the Adviser to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive to favor higher fee paying accounts over other accounts in the allocation of investment opportunities. The Adviser has procedures designed and implemented to ensure that all clients are treated fairly and equitably, and to prevent this conflict from influencing the allocation of investment opportunities among clients.

Item 7 – Types of Clients

The Adviser provides portfolio management services to private funds and other pooled investment vehicles. These private funds are not subject to regulation under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Generally, Fund investors must invest a minimum of \$100 million, unless otherwise approved by the General Partner. In addition, Limited Partner interests in a Fund may be purchased only by certain eligible investors who are “accredited investors” as defined in Regulation D of the Securities Act of 1933, as amended (the “Securities Act”), and “qualified purchasers” for purposes of Section 3(c)(7) of the Investment Company Act.

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

Investment Strategies

The investment strategy of the Adviser and the Funds focuses on seeking current income and capital appreciation through investments in forms of real estate-related debt and debt securities and related instruments, including subordinated mezzanine debt securities, CMBS mezzanine loans, high yield bank loans, mezzanine construction loans, B notes, preferred equity, loan participations, whole loans, bridge loans and other debt or equity securities and instruments, subject to the restrictions specified in the limited partnership agreement of each Fund. In addition, the Funds may invest in derivative transactions, including, but not limited to, futures contracts, swaps, exchange-listed and over-the-counter put and call options on securities, indices, forward foreign currency contracts and various interest rate transactions. The Funds may also, as part of their investment program, make temporary and follow-on investments.

The Adviser takes advantage of the significant resources of Morgan Stanley, an affiliate of the Adviser, and its employees to use macro and local market research capabilities to seek investment opportunities.

Methods of Analysis

Evaluation of Investment Opportunities; Investment Decisions

Once investment opportunities have been identified, the Funds utilize the resources of Morgan Stanley Real Estate Investing (“MSRE”) to conduct in-depth analysis and due diligence of the potential investment opportunities.

MSRE and its regional investment teams are responsible for performing due diligence on potential investments. Such analysis will include evaluating the potential returns and risks for such investments (including legal, tax, accounting and environmental issues), as well as regularly monitoring the value of such investments. The MSRE team will assess the impact of various macro and microeconomic shifts on potential investments and make recommendations on strategies to maximize the value of existing investments.

In connection with making a proposed investment, MSRE will prepare analyses to project realizable cash flows and assess the ability of the real estate investment to support its obligations as well as its potential to appreciate in value. In its analysis, MSRE will, where appropriate, work with management, developers or other partners and consultants to enhance MSRE’s understanding of the investment opportunity and its prospects.

All investment decisions are made by the Adviser in consultation with the General Partner of the Funds. MSRE’s professionals, through years of real estate industry experience, provide the Funds with significant support in evaluating mezzanine investment opportunities. In the aggregate, such professionals have knowledge of most of the major real estate markets in the United States and globally. MSRE will, where appropriate, retain third-party consultants to

assess business and market conditions, competition, physical and environmental concerns and other factors that it deems necessary to review with external advisors.

Management of Risk; Asset Management

After completing an investment, the Adviser considers further steps to manage the on-going risk, including, among others, the management of interest rate and foreign exchange rate exposure, the monitoring of portfolio investment debt issuers, underlying properties and related activities, and the timing and manner of any exit from investments. For each investment, a group of senior MSRE team executives comprised of investment and asset management professionals will review the operations of the Funds' investments and approve or disapprove any strategic decisions regarding a debt issuer or investment. In order to manage these and other risks, the Adviser may, in its sole discretion, but is not required to, employ, directly or indirectly, hedging with respect to existing investments.

Risk of Loss

Investing in securities involves risk of loss that clients should be prepared to bear.

There can be no assurance that the Funds' return objectives will be realized or that there will be any return of capital. The material risks associated with the Funds' investment strategies include:

- risks associated with real estate investments;
- competitive real estate mezzanine investing environment;
- risks of acquiring real estate loans and participations;
- financial risks of portfolio issuers and inability to influence a portfolio issuer's affairs;
- early prepayment of principal by borrowers;
- lack of diversification due to number, location and type of investments;
- interest rate fluctuations;
- lack of liquidity and long term nature of investments;
- use of leverage at the Fund and investment level;
- inability to obtain indebtedness on favorable terms;
- commercial and business risks associated with issuers;
- failure to refinance bridge financing;

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- investments in non-performing, underperforming or other troubled assets;
 - risks associated with non-U.S. investments;
 - use of hedging techniques;
 - expedited transactions;
 - valuation risks;
 - limitations on investing due to possession of inside information; and
 - burdensome regulation by one or more governmental entities in specific industries

Please see the Confidential Private Placement Memorandum for each of the Funds for a more detailed discussion of the foregoing and other risks related to the Funds.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of the Adviser or the integrity of the Adviser's management. Morgan Stanley announced in February 2009 that it had uncovered actions initiated by an employee based in China in an overseas real estate subsidiary that appear to have violated the United States Foreign Corrupt Practices Act. Morgan Stanley terminated the employee, reported the activity to appropriate authorities and is working with authorities on the matter.

Item 10 – Other Financial Industry Activities and Affiliations

The Adviser expects to receive a variety of services from one or more of its affiliates, including Morgan Stanley & Co. Incorporated, a registered broker-dealer and a registered investment adviser, including, but not limited to, information regarding potential investment opportunities, financial advice and assistance in connection with the making, monitoring and disposing of investments, underwriting and capital markets services, lending and other financing services, and brokerage services in connection with the sale of investments. Any such services could involve conflicts of interest with respect to price and other terms applicable to the transactions. The Adviser will seek to deal with its affiliates providing such services on an arm's length basis, and to seek terms no less favorable than those available from unaffiliated persons.

The Adviser is the manager of the Funds. The Adviser and/or certain related persons have and may continue to organize other partnerships and serve as the manager, general partner, or the managing member or general partner of the general partner, to these partnerships.

In addition, Morgan Stanley has relationships with a significant number of corporations, institutions and individuals other than the Adviser, the Funds and the underlying issuers of their investments. These include a broad range of investment banking activities, such as representing potential purchasers and sellers in real estate-related transactions, introducing to a Fund a client that requires equity to complete an acquisition transaction or representing parties in corporate transactions.

The Adviser may from time to time compensate certain of its employees, its affiliates' employees or any other placement agents in return for referrals of Limited Partners who invest in the Funds. Any additional compensation paid specifically for such referrals will meet the requirements of Rule 206(4)-3 under the Advisers Act.

Finally, the Adviser and its affiliates face conflicts of interest resulting from the broad spectrum of activities in which Morgan Stanley engages, including those relating to:

- conflicts of interest among Morgan Stanley's clients and investors in the Funds;
- financial incentives related to carried interest arrangements;
- the possession by Morgan Stanley of material, non-public information regarding the underlying issuers of Funds' investments;
- Morgan Stanley's or its affiliates' pursuit of investments on a proprietary basis on its own behalf or on behalf of other funds it advises;
- Morgan Stanley's advisory relationships with clients that may compete with, or otherwise have interests that are adverse to, the interests of the Fund;
- fees paid by the Funds and the issuers of the Funds' investments to Morgan Stanley for investment banking or other services, which will not be shared with the Funds;

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- investments by Morgan Stanley or its affiliates in the underlying issuers of the Funds' investments or such issuers' competitors;
 - Morgan Stanley acting as financial advisor to issuers of the Funds' investments;
 - Morgan Stanley's interests as a lender or other counterparty that could be in conflict with those of a Fund and the interests of the Limited Partners;
 - the exercise by Morgan Stanley of its discretion to allocate investment opportunities, time and resources among its various businesses, clients and Morgan Stanley related persons;
 - Morgan Stanley's independent investment management, sales and trading and other businesses;
 - purchases or sales of assets by the Fund from or to Morgan Stanley or companies in which Morgan Stanley has an interest and other counterparty transactions;
 - restrictions applicable to the Fund as a result of Morgan Stanley being subject to the Bank Holding Company Act of 1956, as amended, and the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act; and
 - broker-dealers affiliated with Morgan Stanley acting as placement agents or distributors with respect to the Funds; and
 - short term investments of excess cash in Morgan Stanley-managed money market funds or other cash management vehicles from which Morgan Stanley will receive customary fees;

Conflict Identification and Mitigation

Morgan Stanley and the Adviser have established procedures intended to identify and mitigate conflicts of interest related to business activities on a worldwide basis. A conflict management officer for each business unit and/or region acts as a focal point to identify and address potential conflicts of interest in their business area. When appropriate, there is an escalation process to senior management within the business unit, and ultimately if necessary to firm management or the firm's franchise committees, for potentially significant conflicts that cannot be resolved by the conflict management officers or that otherwise require senior management review. In addition, the Adviser addresses conflicts through disclosure to its investors and should any transactions presenting a potential conflict of interest actually arise, the Adviser may in certain situations choose to seek the approval of the Advisory Committee with respect to conflicts of interest or approvals required under the Advisers Act, including Section 206(3) thereunder. The Adviser may also choose to seek the approval of Limited Partners of the applicable Funds with respect to certain conflict situations or matters under the Advisers Act.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

The Adviser has adopted a Code of Ethics (the "Code") pursuant to Rule 204A-1 under the Advisers Act, applicable to employees of the Adviser who are based in North America and Investment Committee members ("Access Persons"). Each Access Person is required to acknowledge the Code at the inception of his/her employment and annually thereafter. The Code is designed to make certain that all acts, practices and courses of business engaged in by Access Persons are conducted in accordance with the highest possible standards and to prevent abuse, or even the appearance of abuse, by Access Persons with respect to their personal trading and other business activities.

The Code addresses the personal trading and investment activities of Access Persons, as more fully described below. In addition, the Code addresses standards of business conduct and fiduciary duties expected of Access Persons, including confidentiality obligations and restrictions on outside business activities and other conflicts of interest.

Violations of the Code are subject to sanction, including reprimand, demotion, suspension or termination of employment.

Copies of the Code are available upon request from the Adviser.

Personal Trading and Investments

The Code refers to a number of policies governing the securities trading and investing activities of employees for their own accounts. Such policies require all Access Persons to pre-clear trades for covered securities, as defined under the policies, in a personal account. A pre-clearance request will be denied if such securities are under consideration for investment, or have been acquired by, a client of the Adviser, or if the Adviser is in receipt of material non-public information of the company or if another conflict exists. Such policies also impose holding periods and reporting requirements for covered securities. In addition, investments in private placements or an employee's participation in an outside business activity must be pre-approved by the employee's designated manager and the Chief Compliance Officer.

Participation or Interest in Client Transactions

We recommend that clients invest in Funds for which we act as investment adviser. Prior to subscribing for interests in a Fund advised by the Adviser, investors receive information relating to potential conflicts of interest between the activities of the Fund and the business activities of the

Adviser, and its affiliates, or clients that may have a financial interest in the securities in which the Fund invests.

On rare occasions, a Fund may sell a security or asset which another Fund, or an affiliate of the Adviser, wants to own. On these occasions, after extensive Firm and legal and compliance review and documentation, a sale of the security or asset from one Fund to another will be permitted.

The Adviser may purchase and sell public and private investments and co-invest the assets of the Clients alongside other Funds and accounts managed by the Adviser or its affiliates in compliance with the requirements and conditions of rules, regulations, orders, or interpretations of the SEC, or no-action letters of the SEC Staff, and in accordance with Fund and Client account governing documents. The Adviser has adopted an Allocation Policy and Procedures in order to ensure that each Client is treated in a fair and equitable manner. The following factors will be considered, as appropriate, in connection with allocation decisions:

- Investment guidelines, goals or restrictions of the client
- Capacity of the client
- Existing allocation to similar strategies and the diversification objectives of the client
- Tax, legal or regulatory considerations
- Rights of first offer in favor of a client
- With respect to co-investment allocations, whether the co-investor can provide value add to the operations of the business or provide future opportunities to the business of the client
- Other relevant business considerations

Please refer to Item 10 for a description of other financial industry activities and affiliations of Morgan Stanley, and a discussion of the material conflicts relating thereto.

Item 12 – Brokerage Practices

Due to the nature of the investments the Funds make, broker-dealers are not generally used for transactions. However, when executing transactions on behalf of the Fund through a broker, dealer or underwriter, the Adviser's objective will be to obtain "best execution" (that is, the most favorable price and execution). The Adviser's effort to obtain best execution on any individual transaction depends substantially on its judgment, knowledge and experience in evaluating the counterparties', advisers' and service providers' ("Counterparties") reliability and capability based on previous and pending transactions effected by the broker-dealer for client accounts. Some of the factors considered by the Adviser in selecting a Counterparty include, among other things, execution quality and capabilities, including with regard to market making, commissions charged by and gross compensation paid to such Counterparty, and special knowledge of the Adviser's client's markets.

The Adviser will only consider engaging in a principal or cross transaction with Morgan Stanley or its affiliates on behalf of a fund or client to the extent permitted by applicable law. The Adviser has adopted policies and procedures to ensure compliance with Section 206(3) of the Advisers Act, where applicable.

A broker-dealer (including a Morgan Stanley affiliate) may act as agent for one or more clients in selling publicly traded securities simultaneously. In such a situation, transactions may, but are not required to, be bundled and clients will receive proceeds from sales based on average prices received, which may be lower than the price which could have been received had each client sold its securities separately from such broker-dealer's other clients.

Item 13 – Review of Accounts

In general, the General Partner's Investment Committee reviews and approves all significant proposed investment decisions made on behalf of a Fund. The members of the General Partner's investment committee are identified in the Supplements to the Adviser's Brochure in Form ADV Part 2B.

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short term decision to dispose of securities. However, the Adviser's portfolio management staff closely monitors companies and assets in which the Funds invest and generally maintains an ongoing oversight position in such companies and assets (including, where relevant, representation on the board of directors of such companies). Such reviews occur on a quarterly, and in some cases, monthly basis.

The Adviser provides written quarterly unaudited reports and annual audited reports to the Limited Partners of each Fund, which include, among other things, financial statements and descriptions of the investments in the Funds. All reports shall be prepared on such basis as the General Partner determines in good faith will appropriately reflect the operations and assets of such Fund.

Item 14 – Client Referrals and Other Compensation

The Adviser may from time to time compensate certain of its employees, its affiliates' employees or any other placement agents in return for referrals of Limited Partners that have not previously invested in a fund managed by the Adviser. Any additional compensation paid specifically for such referrals will meet the requirements of Rule 206(4)-3 under the Advisers Act if applicable.

Item 15 – Custody

The Adviser is deemed to have custody of the Funds' cash and securities by virtue of its relationship with the General Partners of the Funds. Each Limited Partner of a Fund receives the Fund's audited financial statements prepared in accordance with generally accepted accounting principles within 120 days of the end of the Fund's fiscal year.

Item 16 – Investment Discretion

As the investment manager of the Funds, the Adviser has discretion to determine, without consent of investors, the particular securities to be bought and sold. The Adviser provides discretionary investment advice to the Funds.

Investment discretion is assumed pursuant to the Fund Agreements, which confer express authority to the general partner and its affiliates (including the Adviser) to make all decisions concerning the investigation, evaluation, selection, negotiation, structuring, commitment to, monitoring of and disposition of investments.

Item 17 – Voting Client Securities

Where the Adviser has accepted authority to vote proxies on behalf of a Client, the Adviser will vote proxies in accordance with its policies and procedures in place for voting of proxies (the “Proxy Voting Policy”), which are designed to ensure compliance with Rule 206(4)-6 of the Advisers Act. Copies of the Proxy Voting Policy are available upon request from the Adviser. Under the Proxy Voting Policy, the Adviser will vote proxies on behalf of the Clients based on a determination of the best interest of the Clients, consistent with the objective of maximizing long-term investment returns for the Clients.

In many situations, a Client is a party to a stockholder or a similar agreement. These agreements are entered into in the best interests of the Clients, and may require the advisers to vote the other investors’ nominees to a board of directors or similar body, or require a vote in favor of a particular transaction. If this is the case, the Adviser will comply with the applicable Clients’ contractual obligations.

Where no contract requires a Client to vote for a specific outcome, the Proxy Voting Policy is designed to be responsive to the wide range of issues that may be subject to proxy vote, but is not exhaustive due to the variety of proxy voting issues that the advisers may be required to consider.

The Clients generally make a limited number of direct investments in portfolio companies that will become or are public. As a result, the advisers will generally cast proxy votes on behalf of the Clients with respect to a limited number of public portfolio companies.

The Adviser reserves the right to depart from the Proxy Voting Policy in order to avoid voting decisions that it believes may be contrary to the Clients’ best interests. In addition, the Adviser may also abstain from voting if, based on factors such as expense or difficulty of exercise, it determines that the Client’s interests are better served by an abstention.

The Adviser may be subject to conflicts of interest in the voting of proxies. A potential conflict of interest may occur where an adviser or any of its affiliates or their respective employees has a direct or indirect economic stake in the outcome of a proxy vote that is different from a Client’s stake. When such a potential conflict arises between an Adviser and any of its affiliates or their respective employees on the one hand and one or more of the Clients on the other, the matter is evaluated to determine whether an actual conflict exists. Where an actual conflict exists, the Adviser will take necessary and appropriate steps to address the conflict.

Item 18 – Financial Information

Registered investment advisers are required in this Item to provide you with certain financial information or disclosure about the Adviser's financial condition. The Adviser is not aware of any financial condition that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.