

SVOF/MM, LLC

Form ADV Part 2A

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This Brochure provides information about the qualifications and business practices of SVOF/MM, LLC ("SVOF/MM"). If you have any questions about the contents of this Brochure, please contact the Chief Compliance Officer at the number set forth above. This Brochure has not been approved by the US Securities Exchange Commission ("SEC") or any state securities authority. Additional information about SVOF/MM is available on the SEC's website at www.adisinfo.sec.gov.

Item 2: Summary of Material Changes

Not applicable.

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Item 4: Advisory Business

SVOF/MM is a Delaware limited liability company and is registered as an investment advisor under the Investment Advisers Act of 1940.¹

SVOF/MM is controlled by Mark K. Holdsworth, Howard M. Levkowitz and Tennenbaum & Co., LLC, an entity owned by Michael E. Tennenbaum and his spouse.

SVOF/MM serves as general partner or managing member to six clients following two separate strategies -- credit opportunities and debtor-in-possession financing. These strategies are briefly described below. SVOF/MM's clients are registered investment companies and unregistered investment vehicles.

Credit Opportunities

Through our credit opportunities strategy, on behalf of our clients, SVOF/MM directly originates complex financings in companies undergoing change. We also take distressed and control or deep value credit positions for our clients in the open market. We invest our clients in all phases of the default cycle, including deeply discounted securities and commercial loans in the secondary market, or direct capital infusions into both healthy and troubled U.S. middle market companies. We strive for our clients to be value-added capital partners. Our ability on behalf of our clients to operate, improve and exit businesses undergoing restructurings is one of our greatest competitive advantages. Our credit opportunities strategy that we implement on behalf of our clients targets the combination of current income plus higher net asset value over the life of the investment.

Debtor-In-Possession Financing

Debtor-in-possession ("DIP") financing provides companies with the liquidity they need to fund operations during Chapter 11 reorganizations and to successfully emerge from bankruptcy. DIP lending has been viewed historically as relatively low risk due to the special super-priority status granted to DIP lenders under the U.S. Bankruptcy Code. SVOF/MM harnesses extensive relationships with key constituents in the bankruptcy process for deal flow and evaluates individual DIP transactions using the firm's unique restructuring expertise.

Item 5: Fees and Compensation

Each of our clients is a qualified purchaser. However, SVOF/MM does not charge management fees to its clients.

Item 6: Performance-Based Fees and Side-by-Side Management

Performance-based fees vary among SVOF/MM's clients. Accordingly, conflicts may arise regarding the allocation of investments or opportunities among SVOF/MM's clients. SVOF/MM

¹ Registration as an investment adviser with the SEC (as defined on the cover page) does not imply a certain level of skill or training.

intends to allocate investment opportunities in a manner that it believes in its judgment and based upon its fiduciary duties to be appropriate considering a variety of factors such as the investment objectives, size of transaction, investable assets, alternative investments potentially available, prior allocations, liquidity, maturity, expected holding period, diversification, lender covenants and other client-specific limitations. Investments that are suitable for one client may not be suitable for another client. In certain cases, investment opportunities may be made other than on a pro rata basis. For example, one client may desire to retain an asset at the same time that another client desires to sell it or one client may not have additional capital to invest at a time when another client does have available capital. To the extent that investment opportunities are suitable for more than one client, SVOF/MM will allocate investment opportunities pro rata among those clients based on the amount of funds each then has available for such investment taking into account factors such as those listed above. Investment opportunities in certain privately placed securities will be subject to allocation pursuant to the terms of a co-investment exemptive order issued by the SEC under the Investment Company Act of 1940, as amended, applicable to funds and accounts managed by SVOF/MM and its affiliates.

Item 7: Types of Clients

SVOF/MM serves as general partner or managing member to registered investment companies and non-registered private investment vehicles. Account opening requirements and minimum account size are subject to SVOF/MM's discretion. Generally, a \$100 million minimum is required to open a new account.

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

SVOF/MM serves as general partner or managing member to clients following two separate strategies -- credit opportunities and debtor-in-possession financing. Each of these strategies is briefly described in Item 4 above. Additional details regarding each investment strategy are available in the private placement memorandum and organizational documents for each client.

Investing in securities involves risk of loss which clients should be prepared to bear. Material risks associated with investment in each of SVOF/MM's clients are set forth in the private placement memorandum for each client and are summarized below. The following summary is not an enumeration of all risks involved in connection with the strategies followed by our clients.

Each of our investment strategies entails a high degree of risk. There can be no assurance that our clients will be able to achieve their investment objectives or that holders of equity interests in our clients will recoup any or all of their investment in the client or receive a positive return on their capital. Furthermore, any returns generated by our clients may not adequately compensate investors for the business and financial risks assumed upon making an investment in our clients. An investment in the equity interests of our clients may not be appropriate for all prospective investors. A prospective investor should carefully review the risk factors described in each client's private placement memorandum and consider his or her ability to assume these risks before making an investment in any SVOF/MM client.

Item 9: Disciplinary Information

None.

Item 10: Other Financial Industry Activities and Affiliations

Tennenbaum Capital Partners, LLC (“TCP”) is the investment manager for our clients. TCP, SVIM/MSM, LLC and SVAR/MM, LLC are registered investment advisers and are under common control with SVOF/MM.

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

SVOF/MM has adopted a consolidated code of ethics, which includes our policy regarding insider trading. Our Code of Ethics also lays out general principles of fiduciary duty to which all of our employees must adhere and also sets out various reporting requirements and securities trading restrictions applicable to SVOF/MM employees and, indirectly, members of their immediate family.

In rare circumstances, SVOF/MM may recommend to clients that they buy or sell investments of an issuer in which a related person of SVOF/MM has some financial interest. Any related person with such a financial interest is required by the policies of SVOF/MM to (1) disclose such interest to the investment committee and investment staff as applicable, and (2) be recused from SVOF/MM’s process of determining of whether to make such a recommendation to a client, prior to such a recommendation being made by SVOF/MM.

In rare circumstances, SVOF/MM or a related person may acquire or sell investments that it recommends to, or acquires or sells on behalf of, a client at or about the same time. This would only typically occur either: (1) as part of a joint purchase (with all terms of SVOF/MM’s financial interest disclosed) and (2) with full disclosure of SVOF/MM’s previous purchases, if any, and intended disposition strategy.

Related persons of SVOF/MM may also acquire or sell for their own account investments that SVOF/MM also recommends to clients but only in situations in which such purchases or sales are not likely to have any economic impact on a client or on its ability to acquire or sell investments of the same class or other investments in the same issuer. Such purchases and sales are restricted by SVOF/MM’s Code of Ethics, which prohibits access persons from acquiring or selling investments in an issuer in which any client is invested, or investments in any issuer in which SVOF/MM is recommending or considering recommending a client invest, except under certain circumstances which include prior approval by SVOF/MM’s Chief Compliance Officer.

Clients may obtain SVOF/MM’s Code of Ethics by requesting a copy from SVOF/MM’s Chief Compliance Officer.

Item 12: Brokerage Practices

In executing transactions for clients and selecting brokers or dealers, SVOF/MM will seek to obtain best execution, including best price, and taking into account such factors as price of the security, SVOF/MM's knowledge of negotiated commission rates and spreads currently available, the reasonableness of the commission or its equivalent for the specific transaction, the size of the order, the desired timing of the transaction, the nature and character of the security or instrument being traded and the markets on which it is purchased or sold, the activity existing and expected in the market for the particular security or instrument, the full range of brokerage services provided, the difficulty of execution and the operational facilities of the broker or dealer, the quality of the research or other products or services provided, and the broker or dealer's skill in positioning a block of securities. Brokerage services include the ability to most effectively execute large orders without adversely impacting markets and positioning securities in order to enable SVOF/MM to effect orderly transactions for clients. Research or other products or services received from brokers or dealers may be used to service any of SVOF/MM's clients.

Because commissions are only one of the factors to be considered when selecting best execution, transactions will not always be executed at the lowest available commission, and SVOF/MM may effect transactions in which the commission is in excess of a commission which another broker might have charged.

As a general matter, SVOF/MM believes that aggregation of orders for multiple clients is consistent with its duty to seek best execution. Aggregation of orders facilitates more efficient and less costly execution by enabling a broker to work a large order throughout the day, rather than dealing with multiple small orders and avoids competition in the marketplace among what otherwise would be smaller, separate orders of clients. In any case in which SVOF/MM believes that aggregation would result in higher total transaction costs to clients, it will not effect the transaction on an aggregated basis. In certain circumstances, an order clerk may determine to place orders for the same security with more than one broker-dealer in order to obtain best execution. For example, if any single market maker has insufficient access to satisfy an aggregated purchase order, it may be necessary to use multiple market makers to complete the order.

Before aggregating orders from particular clients, SVOF/MM will determine that the practice is consistent with the terms of the investment advisory agreement with, and other directions from, such clients. A list of clients that have directed brokerage to a particular broker and may therefore not be able to participate in aggregated orders will be prepared and updated periodically by the order desk.

Item 13: Review of Accounts

For all clients following the credit opportunities and DIP financing strategies, an investment committee of TCP meets weekly to review the accounts and discuss portfolio investments. The voting members of the committee vary by client but are managing partners of TCP, the investment adviser to our clients, and, in the case of clients co-managed by Babson Capital Management LLC, one representative of Babson. All portfolios are reviewed at least quarterly with detailed written reports. More frequent reviews occur upon a material change in circumstances and/or pricing of an investment or market conditions.

Quarterly financial statements are prepared for all clients.

Item 14: Client Referrals and other Compensation

None.

Item 15: Custody

SVOF/MM maintains custody of client funds and securities for certain clients. All clients receive account statements from the custodian and the account statements are reconciled on a regular basis with SVOF/MM's records. The reconciliation is performed by accounting staff members of TCP who do not take part in the trading, settlements or portfolio management functions for the clients.

Item 16: Investment Discretion

SVOF/MM has discretionary investment authority over all client accounts, subject to the investment strategy, objectives and restrictions applicable to each client as described in each client's private placement memorandum or organizational documents. SVOF/MM has delegated investment authority to TCP, the investment advisor to our clients.

Item 17: Voting Client Securities

SVOF/MM has delegated authority to vote proxies on behalf of its clients to TCP. TCP has adopted a Proxy Voting Policy that sets forth TCP's position on various routine proxy proposals, as well as guidelines for voting on non-routine issues and dealing with conflicts of interest arising in the proxy-voting process. SVOF/MM's clients do not have the ability to direct proxy voting.

It is unlikely that conflicts of interest will arise in the context of TCP's proxy voting, because TPC does not engage in investment banking, the advising of public companies or, except in cases where it exercises control, the managing of public companies.

In addition, insofar as TCP refers discretionary votes to its portfolio managers, TCP's Compliance Department monitors all relationships between portfolio managers and their immediate families, on the one hand, and issuers soliciting proxies from our clients, on the other hand. If a portfolio manager conflict is identified with respect to a given proxy vote, the Investment Committee will remove such vote from the conflicted portfolio manager and will instead consider and cast the vote, refer the vote to an independent third party or abstain from voting.

In the event a privately-placed security as to which SVOF/MM or its affiliated adviser entities negotiated more than price related terms is held by a fund registered under the Investment Company Act of 1940, as amended ("Registered Fund") and is the subject of a proxy solicitation or other voting or consent solicitation, and any unregistered fund or separate account managed by SVOF/MM or its affiliated adviser entities also owns securities of the same class as the security held by the Registered Fund that is the subject of the proxy, vote or consent, then SVOF/MM will vote such security in the same manner and at the same time for each client, and in amounts proportionate to each client's investment in such security; provided that if SVOF/MM or its affiliated adviser entities believes that the foregoing policy is not in the best interests of a particular client in a particular situation, SVOF/MM or its affiliated adviser entities shall be permitted to deviate from the foregoing policy only if it has (i) submitted a proposal to the boards of directors of each applicable Registered Fund explaining the basis for such deviation and (ii) received the approval of a majority of those directors of the Registered Fund who (a) during the previous two years have had no material business or professional relationship with any of the Registered Fund or any other entity or separate account managed by SVOF/MM or its affiliated adviser entities (other than as a director of the Registered Fund) and (b) have no direct or indirect financial interest in the proxy solicitation, vote or consent other than through an investment in one or more of the Registered Fund or any other entity or separate account managed by SVOF/MM or its affiliated adviser entities.

In the event that a potential material conflict of interest does arise and is not addressed by the foregoing procedures, the primary means by which SVOF/MM avoids a material conflict of interest in the voting of proxies for its clients is by casting such votes solely in the interests of its clients and in the interests of maximizing the value of their portfolio holdings.

Clients may obtain information on how proxies have been voted and may obtain a copy of TCP's Proxy Voting Policy by requesting such information from the Chief Compliance Officer.

Item 18: Financial Information

There are no financial conditions that are reasonably likely to impair SVOF/MM's ability to meet contractual commitments to its clients.