



**CREDIT SUISSE ASSET MANAGEMENT, LLC**

**DISCLOSURE BROCHURE**

**LIQUIDS**

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**This brochure provides information about the qualifications and business practices of Credit Suisse Asset Management, LLC. If you have any questions about the contents of this brochure, please contact us at (877) 435-5264 or [www.credit-suisse.com](http://www.credit-suisse.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.**

**Additional information about Credit Suisse Asset Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

Credit Suisse Asset Management, LLC is an investment adviser registered with the SEC. Registration with the SEC does not imply a certain level of skill or training.

## ITEM 2: MATERIAL CHANGES

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The following material change has been made to the Credit Suisse Asset Management, LLC (the “Registrant”) Liquid brochure since the last annual update of the brochure dated March 31, 2011:

Certain information with respect to a recent settlement with the SEC concerning one collateralized debt obligation vehicle for which the Registrant served as collateral manager is described in Item 9 herein. The Registrant neither admitted nor denied the facts set forth in the settlement order, which may be pertinent only to a limited number of clients within a single line of business within the Registrant. The order does not have any implications for any of the Registrant's other clients. The Registrant remains committed to observing the highest standards of integrity and regulatory compliance in all aspects of its work.

For additional information about the SEC settlement or to request a full copy of the Registrant's current brochure, please contact Investor Relations at the phone number on the cover of this brochure. Additional information about the Registrant, including a full copy of the current brochure, also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## ITEM 4: ADVISORY BUSINESS

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Credit Suisse Asset Management LLC, (the “Registrant” and together with its affiliates “Credit Suisse”) is an indirect wholly owned subsidiary of Credit Suisse Group AG, a publicly-owned foreign bank holding company based in Switzerland. The Registrant was organized in 1999, and managed on a discretionary and non-discretionary basis approximately \$646 billion and \$967 million, respectively, of client assets as of December 31, 2011.

The Registrant’s portfolio management teams’ provide discretionary and non-discretionary investment advice to various types of clients, including registered investment companies, private investment funds and other commingled vehicles, separately managed accounts, public and private pension and profit sharing plans, corporations, not for profit and other business entities. The Registrant’s portfolio management teams also provide investment advice to domestic and foreign pooled investment vehicles (“Investment Vehicles”). Some of these Investment Vehicles pursue their investment objectives by investing directly in securities or other assets. Others are funds-of-funds that pursue their investment objectives by investing in one or more other Investment Vehicles or separate accounts (“Participating Funds”) which themselves purchase securities or other assets. Subject to the requirements of applicable law and the consent of each client, the Registrant may invest client assets in Investment Vehicles and/or Participating Funds managed by the Registrant or its affiliates. The Registrant’s portfolio management teams employ different strategies in providing investment advice depending on the type of client and strategy employed. The management and control of each Investment Vehicle is vested exclusively in its general partner, investment manager or other similar managing entity (each a “General Partner”). The Registrant may offer advice on a variety of investments, including investments in real estate, hedge funds, private placements, venture and post-venture capital companies, commodities, futures, options, debt securities issued by foreign governments, foreign governmental agencies and supranational organizations and private equity investments. All investment advisory personnel devote 100% (with the exception of the Prime Cash Group as explained below) of their time to providing or supporting the provision of investment advice.

The following is a description of the strategies employed by the Registrant’s various portfolio management teams:

### **Alternative Fund Strategies (“AFS”)**

The registrant’s AFS group is comprised of the following areas:

#### **Hedge Fund of Funds (“HFOF”)**

HFOF’s products include actively managed multi-strategy funds of hedge funds, various style specific or sector specific fund of hedge funds, and customized funds of hedge funds.

#### **Hedge Fund Index (“HFI”)**

The Registrant’s HFI team provides investment advisory services for a variety of fund of hedge fund Investment Vehicles that seek to replicate the performance of either the Dow Jones Credit

Suisse Hedge Fund Index, the Dow Jones Credit Suisse AllHedge Index or the Dow Jones Credit Suisse Blue Chip Hedge Fund Index, which are compiled and published by Credit Suisse Hedge Index LLC and CME Group Index Services LLC.

### **Liquid Alternative Beta (“LAB”)**

LAB is a family of algorithmic investment strategies which attempt to provide liquid exposure with similar risk/return profiles to the Dow Jones Credit Suisse Hedge Fund Index (“Long/Short Equity Index”) and some of the strategy specific Dow Jones Credit Suisse Hedge Fund Indexes through six separate Investment Vehicles that provide synthetic long exposure similar to (i) the Dow Jones Credit Suisse Long/Short Equity Index; (ii) the Dow Jones Credit Suisse Hedge Fund Index; or (iii) a representative sample of merger arbitrage deals.

### **Credit Investments Group (“CIG”)**

CIG specializes in the management of leveraged loans, high-yield bonds, municipal bonds and special situations in credit markets across a broad spectrum of products, including collateralized loan obligations (“CLOs”), separate accounts, mutual funds and other commingled funds.

### **Commodities**

The Registrant’s Commodities portfolio management team believes in an enhanced index approach to managing indexed commodities and employs the use of futures, structured notes, and/or swaps to gain access to the commodities markets. The platform provides efficient commodities exposure through the creation and management of a commodity-linked derivatives portfolio tailored to the appropriate benchmark to meet specific needs. The Commodities Team manages the underlying cash collateral in a conservative investment strategy designed to provide exposure to high quality, short duration fixed income instruments. The cash portfolio contains U.S. Treasury or U.S. Agency debt. The portfolio’s duration is generally less than one year.

### **Systematic Trading Group (“STG”)**

The Registrant’s STG group is comprised of the following three areas:

#### **Statistical Arbitrage (“STA”)**

The Registrant’s Quantitative Equity Team’s products leverage proprietary quantitative security selection models to determine optimal portfolio construction with the objective to achieve predefined return/risk targets.

#### **Commodities Trading Adviser Strategies (“CTA”)**

The Registrant’s CTA strategy is a global investment strategy which seeks to generate excess returns relative to cash through a quantitative and systematic investment process that enables clients to gain tactical exposure to a broad variety of markets. Potential investment opportunities are identified using a combination of economic and financial factors. The CTA strategy

implementation includes long and short positions in highly liquid futures and forward contracts across an investment universe of equity indices, fixed income and currencies.

### **Volaris Volatility Management**

Volaris is available to clients who seek discretionary and non-discretionary investment advisory services. The Registrant, through Volaris, offers customized volatility overlay programs using options that seek to enhance existing portfolios (indices, ETFs, portfolios, single stocks, or combinations thereof). In addition, the Registrant manages volatility-based absolute and relative return strategies customized to specific return, risk, or beta targets. The various investment advisory programs and services Volaris offers include Volatility Overlay, Volatility Income and Protective Equity.

### **Investment Strategies and Solutions Team (“ISS”)**

The ISS Team works with clients to address and customize asset allocation needs by focusing on the need for liquidity, cash flow dynamics, transparency, liability management, risk/reward profile, governance model, and the decision-making process.

### **Prime Cash Group**

The Prime Cash Group manages the liquidity focused Commingled Asset Short Term Fund (CAST) Master SPC, Ltd (the “Master Fund”) in partnership with the Registrant’s affiliated Prime Services business. The Master Fund’s primary objective is to seek current income consistent with the provision of daily liquidity and the preservation of capital. To seek to achieve that objective, the Master Fund will invest a minimum of 50% of its assets in a combination of overnight repurchase transactions and overnight bank deposits and will invest the balance of its assets in short-dated fixed income securities issued by the U.S. government or U.S. government agencies with a period of 397 days or less remaining to maturity.

Prime Cash Group personnel will devote appropriate time to the affairs of the Master Fund and the company as they deem necessary and appropriate. Those personnel will also have roles and responsibilities within CSG that are unrelated to the business of the Master Fund or the Company. For example, certain members of the investment team will be “dual-hatted” in that they work for both the Registrant and Credit Suisse AG, New York Branch’s Prime Services business to manage cash collateral from the Prime Service’s security lending activities. These investment management personnel may devote substantial time to those other roles, responsibilities and businesses, or to other matters unrelated to the business of the Master Fund or the company.

### **Securitized Product Group**

The Securitized Product Group’s objective is to invest in a variety of structured credit products, instruments and exposures. The Securitized Product Group will pursue its investment objective by investing its assets in residential and commercial mortgage backed securities, collateralized debt obligations, collateralized loan obligations, other asset backed securities, derivatives and other structured and non-structured products.

### **Insurance Linked Strategies (“ILS”)**

The ILS team seeks to earn attractive risk-adjusted returns through the direct or indirect acquisition of discontinued (i.e., “run-off”) property and casualty business from insurers, reinsurers and/or other entities (including, without limitation, self-insured organizations) at attractive pricing and the efficient management of the payment of future claims and the assets supporting such liabilities and make invest in other forms of insurance linked assets.

## **ITEM 5: FEES AND COMPENSATION**

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The Registrant offers advisory services for a percentage of assets under management, a fixed fee or fees based on performance as described below and in Item 6. Fees may differ based upon a number of factors, including without limitation, overall fee arrangements, account complexity, overall relationship with Credit Suisse, account size, assets under management and the terms of the various Investment Vehicles and Participating Funds in which the Registrant's clients invest. Fees for certain of the Investment Vehicles may be waived, reduced or calculated differently with respect to certain investors, including the Registrant's employees or affiliates, at the discretion of the Registrant and as permitted by the Investment Vehicle's offering documentation and organizational documents. Under certain circumstances and where permissible by regulations, the investment of a client's assets in Investment Vehicles or Participating Funds may result in duplicative fees paid to the Registrant and such Investment Vehicles or Participating Funds.

Generally, fees accrue monthly (prorated for partial months and quarters) and may be paid in advance or arrears. The fees are then generally charged or billed on a quarterly basis and may be payable in advance or in arrears of the services rendered, depending on contractual agreement. In the event of termination, fees are normally charged on a pro rata basis through the date of termination, and any excess fees paid in advance are refunded. Generally, contract terminations can occur at the option of either the Registrant or the client and are generally effective upon receipt of 30 or 60 days' written notice.

The Registrant may agree with clients to make time weighted adjustments to quarterly fee calculations for asset flows representing an agreed percentage of the total assets under management during a quarter. Fees are negotiable and may vary from the schedules below to reflect circumstances that may apply to a specific client or account.

The Registrant may impose minimum fees or fee equivalents above or below those stated herein for client accounts depending on a number of factors, including the type of client, type of mandate, changing market conditions, and pre-existing relationships with the Registrant. Such minimum fees may be increased or decreased depending on the specific circumstances of an individual client.

### **LAB**

Generally, the Registrant may receive a management fee calculated daily and payable in arrears equal to 1.00% annually based on daily net asset value depending on the structure. Net asset values will not be reduced by any liability attributable to the payment of redemption proceeds as of the end of such day.



## **AFS**

## **HFOF**

For hedge funds-of-funds (“FoFs”), investors in these Investment Vehicles will bear fees charged by the Participating Funds, and will also pay the fees charged by the Registrant. Fees for each Investment Vehicle and Participating Fund are described in detail in the vehicles’ respective offering documentation.

## **HFI**

With respect to AllHedge and the Blue Chip Index, there is an index calculation fee of 0.07% per month. In terms of Core Index Tracker, Ltd., the Registrant may receive a management fee calculated weekly and payable in arrears equal to approximately 0.0162% (0.84% annually) of the week-end net asset value. Net asset values will not be reduced by any liability attributable to the payment of redemption proceeds as of the end of such week. With respect to Solon Capital Ltd., the Registrant may receive a management fee calculated monthly and payable in arrears equal to 0.0833% (1.00% annually) of month-end net asset value. Net asset values will not be reduced by any liability attributable to the payment of redemption proceeds as of the end of such month.

The Registrant’s current basic annual fee schedule for certain separately managed accounts is as follows:

## **CIG**

### **Tax-Advantaged Fixed Income**

0.35% on first \$25 mil. of assets  
0.30% on next \$25 mil. of assets  
0.25% on next \$50 mil. of assets  
0.20% on assets over \$100 mil.

### **Global Fixed Income**

0.50% on first \$30 mil. of assets  
0.40% on next \$70 mil. of assets  
Negotiable on assets over \$100 mil.  
Minimum fee \$50,000

### **Tax-Advantaged Cash Management**

0.20% on all assets

### **Leveraged Loans**

0.75% on first \$100 mil. of assets  
0.65% on next \$100 mil. of assets  
0.50% on assets over \$200 mil.

### **U.S. High Yield Fixed Income**

0.50% on first \$50 mil. of assets  
0.45% on next \$50 mil. of assets  
0.40% on assets over \$100 mil.

### **Global High Yield Fixed Income**

0.50% on first \$50 mil. of assets  
0.45% on next \$50 mil. of assets  
0.40% on assets over \$100 mil.

## **Commodities:**

### **Total Commodity Return**

0.50% on first \$50 mil. of assets  
0.45% on next \$100 mil. of assets

0.40% on assets over \$150 mil.  
Minimum fee \$250,000

### **ISS:**

<u>Net Assets</u>	<u>Annual Rate</u>
\$0 to \$100 million	0.35%
Amounts \$100 million to \$250 million	0.30%
Amounts over \$250 million	0.25%

### **Volaris**

For each of the programs, clients will pay a management fee on the notional value of assets under advisement on a quarterly basis. Notional assets equal the weighted average notional value of exposure at the beginning of the quarter adjusted for inflows and outflows of assets during the quarter. The management fee payable by a client may vary depending on the notional value of the client's account, and ranges up to a maximum of 2.00% per annum.

### **Prime Cash Group**

The Prime Cash Group may receive a management fee calculated in arrear, accrued daily and payable monthly up to a 0.15% per annum of the net asset value of the series invested.

### **Securitized Product Team**

The Securitized Product Team receives a management fee calculated in arrears, accrued monthly and payable at the end of each calendar quarter, equal, in the aggregate of 2.00% per annum.

### **ILS**

The ILS team receives a management fee calculated in arrears, on a monthly basis and payable on the first day of each calendar quarter. The management fee is 1.50% or 2.00% per annum for Series A and Series B, respectively.

### **Other Fees**

In certain instances, account expenses may be charged back to the client. Additionally, clients who invest in mutual funds are subject to the fees and expenses charged by that fund. For some investment strategies, transaction costs may be added as a separate charge in addition to fees described above. For a discussion on brokerage and other transaction costs please see Item 12.

Accounts with special investment guidelines or other special circumstances or requirements may be charged differently based on the services rendered. Some existing clients may pay different (higher or lower) fees that are not available to new or other clients. Assets or accounts of the Registrant's affiliates also may be charged fees and expenses that are different from, and in most cases, lower than those charged to unaffiliated client accounts or assets. Accounts of the Registrant's affiliates also may not be charged certain fees and expenses.

The Registrant may pay a portion of the advisory fee to any of its affiliates or entities or persons not affiliated with the Registrant for clients referred to it by such entities or persons. Such fees are paid in accordance with applicable law.

Employees of the Registrant and its affiliates are permitted to establish separate investment advisory accounts with the Registrant that may be charged reduced management fees.

The Registrant may provide asset allocation advice to certain clients, including direct clients, clients participating in variable life and variable annuity programs offering investment company securities and other assets as investment options (including investment companies advised by the Registrant or its affiliates), and sponsors and/or participants in pension and other employee benefit plans offering investment company securities and other assets as investment options (including investment companies advised by the Registrant or its affiliates). For such advice, the Registrant may receive advisory fees directly from clients and may receive advisory, administration, co-administration and/or distribution fees from the investment companies into which client assets are invested.

## **ITEM 6: PERFORMANCE-BASED FEES & SIDE-BY-SIDE MANAGEMENT**

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The Registrant may charge clients a negotiated performance fee based on a share of capital gains or capital appreciation of the assets under management, excess distributions remaining after payment of required amounts or based on some other measure as agreed between the Registrant and its client. In some instances, the fee calculation may include a base or hurdle rate that must be exceeded before the fee is payable or, if losses have been incurred, a “high water mark” that must be achieved before the fee is payable or a claw-back of fees previously paid. Any performance fees charged by the Registrant will comply with the requirements of Section 205 of the Investment Adviser Act of 1940 (the “Advisers Act”) and the applicable rules thereunder.

Potential conflicts of interest may arise with the allocation of limited investment opportunities to the extent that the Registrant may have an incentive to allocate investments that are more likely to generate excess distributions but that are also more risky or are expected to increase in value to preferred accounts, including accounts with higher fee structures.

To avoid actual and potential conflicts of interest, regarding fees received on a performance related element the Registrant has policies and procedures in place to address and mitigate this conflict. The Registrant is required to place its client’s interest first and seeks to allocate investment opportunities to its clients, and otherwise to treat all of its clients, in a manner that is fair and equitable. The compensation arrangements referred to in this section presents potential conflicts when the Registrants interest may not be or perceived to be aligned with the best interest of one or all of their clients. Improper activity could manifest in the form of inappropriate recommendations or investments to certain portfolios because the Registrant hopes the client will invest additional assets; allocation of opportunities to accounts that have been underperforming in a investment strategy; allocation of investment opportunities which favor performance fee based accounts over advisory fee only accounts; or a reluctance by the Registrant to mark down fair valued/illiquid securities to avoid (i) a decline in performance or (ii) increase in performance volatility, which can make the account/fund potentially less attractive to existing and prospective investors.

The Registrant also may charge a “fulcrum fee”, under which a base fee increases or decreases proportionately with the investment performance of assets under management over a specified period in relation to a designated index of securities prices or other measure of performance.

The General Partner (or the Registrant in its capacity as the investment adviser), on behalf of an Investment Vehicle or other account advised by the Registrant, may enter into side letters or other similar agreements with an investor that would have the effect of establishing rights under, or altering or supplementing the terms of, an Investment Vehicle’s governing documents in a manner more favorable to that investor than those applicable to other investors. Such rights or terms in any such side letter or other similar agreement are not subject to approval by the other investors and may include (i) different notice periods, minimum investment amounts or management fees (including performance-based fees), (ii) excuse rights applicable to particular investments (which may increase the percentage interest of other investors in, and contribution of obligations of other investors with respect to, such investments), (iii) the agreement of the General Partner to extend certain information rights or additional diligence, valuation or

reporting rights to such investor, including, for example, to accommodate special regulatory or other circumstances of such investor, (iv) additional obligations and restrictions on the General Partner and/or the Registrant and the Investment Vehicle with respect to the structuring of investments in light of the legal, tax and regulatory considerations of such investor, (v) different levels of preferred return and/or different claw back arrangements or (vi) other rights or terms in light of particular legal, regulatory, public policy or other characteristics of such investor. Investors who have side letters or similar arrangements may make independent investment decisions based on the information obtained pursuant to those arrangements. The terms of any such side letter or agreement will not be disclosed to other investors unless the General Partner, in its sole discretion, determines otherwise. Any rights or terms so established in a side letter or other similar agreement with an investor will govern solely with respect to such investor.

Certain personnel of the Registrant may manage, at the same time, one or more registered and unregistered funds, separately managed accounts and other hedge fund vehicles (“Hedge Funds”), which may raise potential conflicts of interest for the Registrant, including those associated with any differences in fee structure. Such side-by-side management may result in certain members devoting unequal time or attention to the management of one Hedge Fund over another. For example, certain members of the LAB Team, which manages a registered investment company, also manage several Investment Vehicles that operate as hedge funds which may be funded with Credit Suisse AG proprietary money. There are several potential conflicts of interest issues that could arise as a result of the same individuals managing a registered investment company and those Investment Vehicles. The registered investment company and the Investment Vehicles may hold inconsistent positions and have a different fee structure.

The Registrant has several management and business committees in place which meet regularly and review allocation decisions and determine their consistency with the Registrant’s policies and procedures. Investment decisions are also subject to periodic review by the Registrant’s chief compliance officer or its delegate.

## ITEM 7: TYPES OF CLIENTS

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The Registrant typically provides investment advice to:

- Charitable Organizations
- Governments and Governmental Agencies
- Supranational Organizations
- High Net Worth Individuals
- Public and Private Pension plans
- Sovereign Wealth Funds
- Corporations
- Registered Investment Companies
- Private Funds

The Registrant provides, or may provide, advice to registered and/or unregistered Investment Vehicles, institutions or other investment advisers, which may be affiliates, as an adviser or sub-adviser. The Registrant also may engage sub-advisers, which may be affiliates, to perform advisory services. The Registrant or an affiliate may provide consulting or advisory services for a negotiated fee to entities with debt or equity, whose investments are held by accounts and vehicles managed by the Registrant. The Registrant or its affiliates, its employees and clients, may receive advisory and other fees such as break-up or loan origination fees from companies in which Investment Vehicles or other advisory clients may invest. Such fees may or may not be paid to, in whole or in part, the Investment Vehicles or other advisory clients.

### **Conditions for Managing Accounts - Account Size**

The Registrant may impose minimum account sizes (or fee equivalents) for starting new client accounts depending upon a number of factors including the type of client, type of mandate, and/or pre-existing relationship with the Registrant. Characteristics of certain asset classes also may require a minimum account size for separately managed accounts. Such minimum account sizes may be increased or decreased depending upon the specific circumstances of an individual client. If the value of an account is less than the required minimum as a result of a client's withdrawal of assets from the account, Registrant may elect to terminate the relationship with a client. Exceptions are made at the discretion of the Registrant.

Although the Registrant may advise only an Investment Vehicle, and place no limits on the size of that account, individual limited partners who want to participate in the Investment Vehicle may be required to invest a minimum amount which varies depending on the Investment Vehicle. These requirements are disclosed in each Investment Vehicle's governing documentation.

## **ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES & RISK OF LOSS**

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### **Methods of Analysis**

The Registrant derives the information used to make investment decisions on behalf of its' clients from both internal and external resources. The Registrant periodically may seek the advice of economists and other investment professionals and consultants, internal and external, with respect to such matters as political conditions, proposed tax law changes, fiscal policy, general conditions of the economy, interest rates, actions of central banks and international affairs. The Registrant also may use proprietary modeling techniques and quantitative and qualitative analysis. In some instances, the Registrant may only rely on proprietary modeling techniques as the method of analysis.

In certain instances, the Registrant utilizes methodologies to track and replicate the performance of various indices and can create and calculate a respective index. Some of the Registrant's teams employ a bottom-up approach towards portfolio construction that begins with an initial review of primary and secondary market opportunities. Credit analysts perform in-depth, bottom-up, fundamental research assigning proprietary credit ratings to each issue. Additionally, certain of the Registrant's teams employ proprietary analytics to attempt to exploit market inefficiencies and provide commodity index exposure.

### **Investment Strategies & Risk of Loss**

The Registrant, through its portfolio management teams, offers a wide variety of investment strategies, including investments in property and casualty insurance linked strategies, investments in and arbitrage of commodity futures, swaps and options; investments in various derivative instruments for hedging purposes or to create exposure in lieu of holding actual securities or other instruments; investments in currencies, including through forward contracts; investments in active and passively managed hedge fund of funds; investments in preferred equity, leveraged loans, high yield or municipal bonds, collateralized loan obligations, mezzanine debt, mortgage-backed securities ("MBS"), asset-backed securities ("ABS") and common equity. These strategies are offered through various investment vehicles to both private and public investors. An investment in securities or other instruments will involve significant risks, including the potential loss of the entire investment. Before deciding to invest, clients should read the prospectus, offering memoranda and any other documents received and pay particular attention to the risk factors contained within those documents. Clients should have the financial ability and willingness to accept the risk characteristics of their particular investments. The following are some of the risks and considerations which should be made prior to making an investment in the Investment Vehicles and other products offered by the Registrant, not all risks may be applicable to your investment.

#### **Legal, Tax and Regulatory Risks**

Legal, tax and regulatory developments may adversely affect an Investment Vehicle or Participating Fund during the term of the investment. In addition, the securities and futures markets are subject to comprehensive statutes, regulations and margin requirements, other regulators and self-regulatory organizations and exchanges authorized to take extraordinary

actions in the event of market emergencies. The regulation of derivatives transactions and funds that engage in such transactions is an evolving area of law and is subject to change by government and judicial actions. The regulatory environment for private funds is evolving, and currently there are numerous legislative and regulatory proposals in the U.S., Europe and other countries that could affect the Investment Vehicle or Participating Fund and their respective trading activities. Changes in the regulation of private funds and their trading activities may adversely affect the ability of the Investment Vehicle or Participating Fund to pursue its investment strategy, its ability to obtain leverage and financing and the value of investments held by the Investment Vehicle or Participating Fund. There has been an increase in governmental, as well as self-regulatory, scrutiny of the alternative investment industry in general. It is impossible to predict what, if any, changes in laws and regulations may occur, but any laws and regulations which restrict the ability of the Investment Vehicle or Participating Fund to trade in securities or the ability of the Investment Vehicle or Participating Fund to employ, or brokers and other counterparties to extend, credit in its trading (as well as other regulatory changes that result) could have a material adverse impact on the Investment Vehicle or Participating Fund's portfolio.

The Investment Vehicle or Participating Fund and the Registrant may also be subject to regulation in jurisdictions in which they engage in business. Investors should understand that the Investment Vehicle or Participating Fund's business is dynamic and is expected to change over time. Therefore, the Investment Vehicle or Participating Fund may be subject to new or additional regulatory constraints in the future. The offering materials and any other documents received in connection with an investment in an Investment Vehicle or Participating Fund cannot address or anticipate every possible current or future regulation that may affect the Investment Vehicle, Participating Fund, the Registrant or its businesses. Such regulations may have a significant impact on the investors or the operations of the Investment Vehicle or Participating Fund, including, without limitation, restricting the types of investments the Investment Vehicle or Participating Fund may make, preventing the Investment Vehicle or Participating Fund from exercising its voting rights with regard to certain financial instruments and requiring the Investment Vehicle or Participating Fund to disclose the identity of their investors.

#### *Illiquidity Risk*

An investment in an Investment Vehicle or Participating Fund may require a long-term commitment, with no certainty of return. There most likely will be little or no near-term cash flow available to investors. In addition, the securities issued by portfolio companies typically cannot be sold except pursuant to a registration statement filed under the U.S. Securities Act of 1933, as amended (the "Securities Act") or in a private placement or other transaction exempt from registration under the Securities Act and that complies with any applicable non-U.S. securities laws. As such, an Investment Vehicle's investments may be highly illiquid, and there can be no assurance that the Investment Vehicle will be able to realize on such investments in a timely manner. Similarly, the interests in an Investment Vehicle have not been registered under the Securities Act or any other applicable securities laws. There may be no public market for such interests and none may be expected to develop. In addition, an investor may be restricted from transferring its ownership interests. Investors may be prohibited from withdrawing capital from an Investment Vehicle and, as such, may not be able to liquidate their investments prior to the end of the vehicle's term.



### Portfolio Valuation

Valuations of an Investment Vehicle or Participating Fund's portfolio, which will affect the amount of the management fee and/or performance fee, are expected to involve uncertainties and discretionary determinations. Third-party pricing information may not be generally available regarding a significant portion of an Investment Vehicle or Participating Fund's investments in certain asset classes, and in some circumstances valuation models may be relied upon in order to value the assets and calculate the net asset value of the Investment Vehicle or Participating Fund. The Registrant is not required to, nor expects to receive, independent third party verification of these valuation models created by the Registrant. In addition, to the extent third-party pricing information is available, a disruption in the secondary markets for the Investment Vehicle or Participating Fund investments may limit the ability to obtain accurate market quotations for purposes of valuing investments and calculating the net asset value of an Investment Vehicle or Participating Fund's investments. Further, because of the overall size and concentrations in particular markets and maturities of positions that may be held by the Investment Vehicle or Participating Fund from time to time, the liquidation values of the Investment Vehicle or Participating Fund's securities and other investments may differ significantly from the interim valuations of these investments derived from the valuation methods described herein.

### Absence of Regulatory Oversight

Although certain Investment Vehicles managed by the Registrant may be considered similar in some ways to an investment company, they are not required and do not intend to register as such under the Investment Company Act of 1940, as amended (the "Investment Company Act") and, accordingly, investors in those vehicles are not accorded the protections of the Investment Company Act.

### Dependence on Key Personnel

The success of any investment vehicle or account managed by the Registrant depends in substantial part on the skill and expertise of the personnel of the Registrant. There can be no assurance that such personnel will continue to be employed by the Registrant or associated with an investment vehicle or account throughout the life of the investment vehicle or account. The loss of key personnel could have a material adverse effect on the investment vehicle or account.

### Tracking Error

For the Investment Vehicles that seek to track an index, those investments are subject to tracking error. While the Registrant will attempt to reduce any variation between a vehicle's performance and the performance of the relevant index (any such variation, a "Tracking Error"), there can be no assurance that it will be successful in this regard and, accordingly, the success of the vehicle's investment objective and each investor's investment remain subject to the risk of any such Tracking Error. A Tracking Error may result from, among other things, the time interval between the vehicle's need to invest in, or redeem an interest from, a portfolio investment (as dictated by movements in the relevant index) and the vehicle's practical ability to make such an investment in, or redemption from, the portfolio investment on a timely basis. Likewise, portfolio investments may be closed to new investment, either indefinitely or by virtue of a policy permitting for periodic subscriptions on an infrequent basis, in which event a suitable substitute (as a proxy) will need to be sought. The process of locating such a proxy may require significant time (resulting in a Tracking Error), and, once located, the proxy's performance may deviate significantly from the performance of the investment that the Registrant originally sought

to replicate, thereby resulting in a further Tracking Error. Moreover, it may be difficult or impossible for the Registrant to (i) identify certain factors that might impact the performance of the vehicle in ways that would cause the vehicle's performance to deviate from the performance of the relevant index, or (ii) take any action to mitigate the impact of such factors on the vehicle's performance upon discovering the existence of such factors. Lastly, in order for the Company to meet its objectives, its cash from subscriptions must be invested promptly. There is a risk that the pace at which subscriptions are made to the vehicle will outpace the ability of the Registrant to invest such amounts in the portfolio investments, thus contributing to the Tracking Error.

#### Use of Derivatives

Most Investment Vehicles managed by the Registrant are permitted to invest in a variety of derivative instruments. The risks posed by derivatives include (1) credit risks (the exposure to the possibility of loss resulting from a counterparty's failure to meet its financial obligations); (2) market risks (adverse movements in the price of a financial asset or commodity); (3) legal risks (an action by a court or by a regulatory or legislative body that could invalidate a financial contract); (4) operational risks (inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risks (exposure to losses resulting from inadequate documentation); (6) liquidity risks (exposure to losses created by the inability to prematurely terminate a derivative); (7) system risks (the risk that financial difficulties in one institution or a major market disruption will cause uncontrollable financial harm to the financial system); (8) concentration risks (exposure to losses from concentration of closely-related risks such as exposure to a particular industry or exposure linked to a particular entity); and (9) settlement risks (the risk that a party to a contract faces when it has performed its obligations under a contract but has not yet received value from its counterparty).

#### Use of Leverage

The Registrant, or the managers of other investment vehicle in which the Registrant's clients invest, may employ leverage in a number of ways including purchasing instruments with the use of borrowed funds, selling securities short, trading options or futures contracts, using total return swaps and repurchase agreements. The more leverage employed, the more likely it is that a substantial change will occur, either up or down, in the value of the instrument.

#### Non-U.S. Investments

Most Investment Vehicles managed by the Registrant are permitted to invest in a variety of non-U.S. instruments, including securities and other instruments of certain non-U.S. corporations and countries. Investing in the securities of companies (and, from time to time, governments) in certain countries (such as emerging nations or countries) involves certain considerations not usually associated with investing in securities of United States companies or the United States Government, including, among other things, political and economic considerations, such as greater risks of expropriation, nationalization and general social, political and economic instability; the small size of the securities markets in such countries and the low volume of trading, resulting in potential lack of liquidity and in price volatility; fluctuations in the rate of exchange between currencies and costs associated with currency conversion; certain government policies that may restrict investment opportunities; and in some cases less effective government regulation than is the case with securities markets in the U.S.

### Concentration Risk

For any given period of time, the investments of certain Investment Vehicle managed by the Registrant may be concentrated in a relatively small number of portfolio holdings. To the extent the vehicle concentrates its investments in a single portfolio holding, industry and/or geographic region, the vehicle will be susceptible to a greater degree of risk affecting investments in that issuer, industry and/or region than would otherwise be the case. In addition, fluctuations in the value of a small number of portfolio holdings will significantly affect the value of the vehicle's portfolio. As a result, investors may be subject to greater volatility with respect to their investments in a vehicle than another vehicle that is more diversified and may be affected by the factors affecting the relevant industry or group of industries.

### General Economic Conditions and Insolvencies

Various sectors of the global financial markets have been experiencing an extended period of adverse conditions characterized by market uncertainty in the United States and other markets. These conditions have resulted in reduced liquidity, greater volatility, general widening of credit spreads and a lack of price transparency. These difficult global credit market conditions have adversely affected the market values of equity, fixed-income and other securities and these circumstances may continue or even deteriorate further. The short- and longer-term impact of these events is uncertain, but could have a material effect on general economic conditions, consumer and business confidence and market liquidity. A negative impact on economic fundamentals and consumer and business confidence could have a material adverse effect on the performance of investments.

### Approved Government Securities Risk

Yields available from U.S. Government and agency securities are generally lower than yields from many other fixed-income securities. Further, there is a risk that the U.S. Government will not provide financial support to U.S. government agencies, instrumentalities or sponsored enterprises if it is not obligated to do so by law. Although many types of Approved Government Securities may be purchased by the Master Fund, such as those issued by the Federal National Mortgage Association ("Fannie Mae"), Federal Home Loan Mortgage Corporation ("Freddie Mac") and Federal Home Loan Banks may be chartered or sponsored by Acts of Congress, their securities are neither issued nor guaranteed by the U.S. Department of the Treasury and, therefore, are not backed by the full faith and credit of the United States.

### MBS and ABS Complexity Risk

MBS and ABS are highly complex investments. Their complexity gives rise to the risk that investors, parties involved in their creation and issuance, and other parties with an interest in them may not have the same understanding of how these investments behave, or the rights that the various interested parties have with respect to them. Furthermore, the documents governing these investments may contain some ambiguities that are subject to differing interpretations. Even in the absence of such ambiguities, if a dispute were to arise concerning these instruments, there is a risk that a court or other tribunal might not fully understand all aspects of these investments and might rule in a manner contrary to both the terms and the intent of the documents. Therefore, an investor cannot be fully assured that it will be able to enjoy all of the rights that it expects to have when it invests in MBS or ABS. In addition, due to their complex structure, MBS and ABS may be difficult to value and may have reduced liquidity.

### Structural Risks of Subordinated MBS and ABS

Certain Investment Vehicles managed by the Registrant may invest in MBS and/or ABS that are subordinate in right of payment and rank junior to other securities that are secured by or represent an ownership interest in the same pool of assets. Investments in subordinated MBS and ABS involve greater credit risk of default than the senior classes of the issue or series. Many of the default-related risks of “whole loan” mortgages will be magnified in subordinated securities. Default risks may be further pronounced in the case of MBS or ABS secured by, or evidencing an interest in, a relatively small or less diverse pool of underlying loans. Certain subordinated securities (“first loss securities”) absorb all losses from default before any other class of securities is at risk, particularly if such securities have been issued with little or no credit enhancement or equity. Such securities therefore possess some of the attributes typically associated with equity investments.

### Various Industry Related and Other Developments May Adversely Affect an Investment Vehicle

The insurance and reinsurance business has historically been a cyclical industry, with significant fluctuations and uncertainties in operating results due to various factors. Matters including the availability and price of insurance and reinsurance coverage, the profitability of insurance and reinsurance entities and the number and nature of insurance and reinsurance companies entering run-off at any given time has been affected in the past by factors such as changes in reserves resulting from different types of claims that may arise and the development of judicial interpretations relating to the scope of insurers’ liability, including with respect to asbestos and environmental liability claims, other liability claims such as directors’ and officers’ liability and medical malpractice, the overall level of economic activity and the competitive environment in the insurance industry, catastrophic events (including terrorism and natural catastrophes), general economic and social conditions, stock market performance, fluctuations in interest rates, inflationary pressures and other factors, all of which are beyond the control of the Investment Vehicle and the Registrant, and any other investment adviser (including a sub-investment adviser), but could affect the ultimate payout of loss amounts, the costs of administering portfolios of business and returns on invested capital. Similar or new factors in the future may result in changes in market conditions or governmental intervention in the insurance markets, any or all of which may affect the Investment Vehicle’s business, financial condition and/or results of operations.

### Quantitative Model Risks

Certain of the Registrant’s strategy may employ quantitatively based financial analytical models to aid in the selection of investments, to allocate investments across various strategies and subsectors and to determine the risk profile of the Investment Vehicles. The success of the Investment Vehicle’s investment and trading activities may depend, in large part, on the viability of these analytical models. There can be no assurance that the models are currently viable, or, if the models are currently viable, that they will remain viable during the term of the Investment Vehicle. Also, there can be no assurance that the investment professionals utilizing the models will be able to (i) determine that any model is or will become not viable or not completely viable or (ii) notice, predict or adequately react to any change in the viability of a model. The use of a model that is not viable or not completely viable could, at any time, have a material adverse effect on the performance of the Investment Vehicle.

In addition to the risks discussed above, an investment in an Investment Vehicle or Participating Fund may be subject to the following additional risks: (i) counterparty risk; (ii) volatility in the market and general economic conditions; (iii) lack of diversification; (iv) foreign currency risks; (v) commodities risk; (vi) increased government regulation; or (vii) duplication or “layering” of expenses. Potential conflicts of interest also may arise from the relationship between the Registrant and any of its affiliates. Those conflicts are discussed in greater detail in Item 10 of this brochure. For a complete discussion of an Investment Vehicle or Participating Funds strategies and the principal investments risks of those strategies, please read carefully the offering materials and any other documents received in connection with your investment.

## ITEM 9: DISCIPLINARY INFORMATION

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The Registrant is committed to observing the highest standards of integrity and regulatory compliance in all aspects of its work. On October 19, 2011, the Registrant was ordered to pay a combined total of \$2,500,000 in disgorgement, prejudgment interest and civil penalties for failing to disclose material facts concerning the Class V Funding III Collateralized Debt Obligation, which was offered to investors in February 2007, thereby violating Section 17(a)(2) of the Securities Act and Section 206(2) of the Investment Advisers Act. The Registrant neither admitted nor denied the facts set forth in the Order. Additionally, the Registrant has made available other disciplinary items in Part I, Item 11 of the ADV which can be found on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES & AFFILIATIONS**

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The Registrant is a U.S. registered investment adviser under the control of Credit Suisse Group AG, a foreign bank holding company based in Switzerland, which has various U.S. and foreign subsidiaries and affiliates that engage in a variety of securities, broker-dealer, Investment Company, investment adviser, commodities, banking, consulting, real estate and custodial activities worldwide. The Registrant is also registered with the Commodity Futures Trading Commission (the, “CFTC”) as a Commodity Pool Operator (“CPO”) and Commodity Trading Advisor (“CTA”). From time to time, the Registrant may, with prior client consent (if necessary) and to the extent permitted by applicable law, delegate some or all of its responsibilities, duties and authority under an investment management agreement or other similar agreement to one or more of its affiliated investment advisers. The Registrant’s affiliated advisers may likewise delegate some or all of their responsibilities, duties and authority to the Registrant.

### **Affiliated Relationships**

The Registrant has arrangements and transacts, subject to applicable law, with related persons under the control of Credit Suisse Group AG and various of its directly and indirectly owned subsidiaries, including Credit Suisse AG, the Swiss bank, and Credit Suisse Securities (USA) LLC (“CSSU”) (collectively, “CS”). CS is a global firm providing a wide range of financial services including (1) broker-dealers with which the Registrant may engage in securities transactions, among other things; (2) investment companies, both private and registered; (3) investment companies for which the Registrant may act as investment adviser, sub-adviser or administrator, among other things; (4) other investment advisers for which the Registrant may act as sub-adviser, among other things; (5) commodity pool operators, commodity trading advisors or futures commission merchants with which the Registrant may engage in certain commodities transactions on behalf of certain clients, among other things; (6) banking or thrift institutions for which the Registrant may provide advisory services, among other things; (7) pension consultants for which the Registrant may provide advisory services, among other things; (8) real estate brokers or dealers for which the Registrant may provide advisory services, among other things and (9) entities that create or package Investment Vehicles, Participating Funds, partnerships or other vehicles for which Registrant may provide advisory services, among other things. As such, certain tasks may be performed by employees of the Registrant’s affiliate.

### **Affiliated Broker Transactions**

In the course of conducting its business, as permissible under applicable laws, CSSU or another affiliated broker may from time to time act as broker or agent in effecting securities transactions for its clients or other persons; purchase from or sell securities for its own account, or account that it has an interest in, that it also recommends to clients; and act as general or limited partner in other Investment Vehicles or Participating Funds in which clients may be solicited to invest. Although the Investment Vehicles or Participating Funds are under no obligation to retain CS or any of its affiliates, the Investment Vehicles or Participating Funds may elect to retain either CS or one of its affiliates. Such arrangements will be negotiated on an arm’s length basis. The commission rates charged to clients by brokers (including affiliated brokers) are negotiated and, therefore, different rates may be charged depending on the service or package of services

provided to the client. In connection with the overall services provided by CS and consistent with the investment objectives of the Investment Vehicles or Participating Funds, investors may be solicited to invest in other limited partnerships (or other controlling entities) in which CS or one of its affiliates serves as a general partner.

The Registrant or an affiliate may serve as general partner to Investment Vehicles, Participating Funds, partnerships or other vehicles. A description of each, including its operation and activities, management fees, performance fees (if any) and structure can be obtained from such vehicle's offering documentation.

### **Financial Interest in Transactions**

The Registrant may recommend to clients the purchase or sale of securities in which one or more of its related persons has a financial interest or position. For example, related persons of the Registrant, including Credit Suisse Group and other foreign affiliates, engage in various types of investment banking and lending activities with issuers of securities that the Registrant may recommend to its clients. In addition, employees of the Registrant and its affiliates may serve as directors of various companies that the Registrant may purchase or sell on behalf of its clients. Any such outside activities, however, are subject to the Registrant's Outside Activities and Private Investment Policy, discussed below.

Further, employees of the Registrant or its affiliates may co-invest or be offered the right to co-invest in various Participating Funds and, with respect to certain private investments, on the same terms and conditions as those applicable to the corresponding investments by the Participating Funds or may invest in a different class of securities from those invested in by the Participating Funds. These employees may include members of the investment committee for the Participating Funds. Any such co-investments are subject to the Registrant's and its affiliates' Outside Activities and Private Investment Policy. The Registrant will disclose to its advisory clients its relationship with such affiliates to the full extent required by applicable law.

As a result of these activities, the Registrant may acquire confidential information or be restricted from transacting in certain securities. The Registrant will not be free to disclose or act upon such confidential information and as a result may not initiate a transaction which it otherwise might have or which may be beneficial to its clients. In addition, the Registrant and/or its related persons may hold investments in certain investment companies for which the Registrant acts as an investment adviser.

The Registrant might recommend that its advisory clients purchase shares of investment companies that Registrant's related persons advise and from which the Registrant and/or its related persons receive advisory, administration and/or distribution fees. However, the Registrant will send to each advisory client written disclosure of the Registrant's relationship to any such investment company and no purchases are made in such investment companies for discretionary accounts without the prior consent of the advisory client.

In the event of investment of client assets in any such investment company, other than a money market fund, steps are generally taken to avoid the payment of duplicative fees to the Registrant and its related persons. Clients whose assets are invested in money market funds may pay fees



to the Registrant and its related persons both through the investment company and directly from their account. The Registrant and related persons also act as general partners or investment managers for Investment Vehicles or Participating Funds or other pooled investment vehicles, and the Registrant may recommend the purchase of those vehicles to its clients. See also, responses in Item 11, below.

### **Affiliated Advisers**

The Registrant will not enter into an investment advisory relationship with any prospective client whose investment objectives may be considered incompatible with the Registrant's investment philosophy or strategies or where the prospective client seeks to impose unduly restrictive investment guidelines, provided however, that if such prospective client's investment objectives are compatible with the strategies employed by an affiliate of the Registrant with whom the Registrant has an arrangement with respect to products or advisory services that such affiliate may provide for its own clients and clients of the Registrant, the Registrant may enter into the advisory agreement with the affiliate at no additional charge to the client, with the Registrant being responsible to pay the affiliate adviser's fees.

### **Proprietary Trading**

The Registrant generally does not engage in any proprietary trading for its own account, but certain affiliates may do so, in compliance with applicable law. The Registrant and its affiliates may provide seed capital to Participating Funds sponsored by the Registrant and/or its affiliates to fund new investment strategies in order to establish performance track records or for hedging purposes. As a result of these seed capital contributions, the interest of the Registrant and/or its affiliates in such Participating Funds may vary from 0% to 100% of the total contributed capital and such Participating Funds could be considered proprietary accounts in certain circumstances. In addition, the Registrant may manage separate accounts for certain affiliates, which may be considered proprietary accounts in certain circumstances. The Registrant generally takes the view, however, that these types of accounts are client accounts and seeks to treat them in a similar manner to other client accounts.

If the Registrant provides seed capital to Participating Funds, generally, the Registrant will be subject to the same withdrawal terms applicable to the other investors, however, under the Volcker Rule, the Registrant may need to reduce its' capital in order to conform with the new regulatory restrictions. Certain of these investments made by the Registrant may not be subject to the management fee or incentive allocation. In addition, the Registrant may have access to information regarding the investments and performance of the Participating Funds' portfolios that might not generally be available to other investors and may take action adverse to Registrant's clients based on such information.

Employees of the Registrant may engage in transactions in securities for their personal accounts that they also recommend to the Registrant's clients. Each employee of the Registrant is required to provide to Registrant, no less than quarterly, reports of his or her securities trading activities. In addition, each employee of the Registrant also is required to provide a report of his or her securities holdings upon commencement of employment and thereafter on an annual basis. Transactions in securities to be made for the personal interest of an employee of

Registrant are subject to the Registrant's Code of Ethics. Accordingly, employee trades are subject to pre-clearance requirements, as well as trading prohibitions designated to avoid conflicts of interest with clients. Employees of the Registrant and its affiliates are permitted to establish separate investment advisory accounts with the Registrant that may or may not trade side by side with client accounts.

### **Additional Considerations**

As described previously the Registrant may be deemed a related party with respect to Credit Suisse, including its various directly and indirectly owned subsidiaries. These entities engage in a variety of financial services activities. In the regular course of business, Credit Suisse and its affiliates may engage in activities where their interests or the interests of their clients may conflict with the interests of the Registrant's clients.

The potential conflicts of interest that may arise due to the broad spectrum of activities engaged in by Credit Suisse, the Registrant and its affiliates are described in detail in the offering documents of the Investment Vehicles advised by the Registrant. These potential conflicts, which may arise in the regular course of business, include, but are not limited to, the following: (i) Credit Suisse and its affiliates may receive investment banking fees from portfolio companies and other parties involved in transactions with the Registrant's clients; (ii) Credit Suisse or its affiliates, may act, or may seek to act, as a financial advisor to third parties in connection with the sale or purchase of securities or businesses meeting the investment objectives of the Registrant's clients, which may prevent the Registrant's clients from investing in the securities or businesses being sold; (iii) Credit Suisse and its affiliates may act, or may seek to act, as financial adviser to a potential third-party buyer of a potential investment that the Registrant's clients are also seeking to buy, or a potential buyer of an existing portfolio company or any assets or businesses held by an existing portfolio company; (iv) Registrant's clients may be offered an opportunity to make an investment (a) in connection with a transaction in which Credit Suisse, its affiliates or one of their clients (or one of the Registrant's own clients) is expected to or seeks to participate or (b) in a company in which Credit Suisse, its affiliates or one of their clients (or one of the Registrant's own clients) already has made, or concurrently will make or seek to make, an investment; (v) a client of the Registrant may hold a different class of securities of the same issuer than another client of the Registrant or a different class than Credit Suisse, its affiliates or one of their clients hold; (vi) purchases or sales of securities, assets or businesses whose securities are held by a client of the Registrant may be made from or to Credit Suisse, a Credit Suisse affiliate or one of their clients (or another client of the Registrant); (vii) proceeds from the sale of securities by one of Registrant's clients may be used to repay a loan to the issuer from Credit Suisse, a Credit Suisse affiliate or client (or to one of the Registrant's other clients); (viii) Credit Suisse and its affiliates may make investments or undertake investments on behalf of their clients that are similar to the investments intended to be made by the Registrant's clients; (ix) the Registrant's clients may enter into arrangements to acquire or sell debt or equity investments, borrow funds, or guarantee borrowings of funds from, or enter into hedging or other transactions with, Credit Suisse or its affiliates; (x) Credit Suisse and its affiliates have, and may in the future develop, relationships with a significant number of companies and their senior managers, including relationships with clients who may hold or may have held investments similar to the investments intended to be made by Registrant's clients; (xi) employees of Credit Suisse may receive remuneration as a result of cross-divisional

transactions and referrals made to its affiliates; (xii) Credit Suisse and its affiliates may make investments on behalf of clients into Investment Vehicles managed, advised or sponsored by Credit Suisse or one of its affiliates and (xiii) Credit Suisse and its affiliates may have financial interests that diverge from those of Registrant's clients and may take actions harmful to Registrant's clients.

The Registrant, in managing client portfolios may acquire investments representing parts or levels of an issuer's capital structure different than those held in other client portfolios. The Registrant acknowledges there may be conflicts of interests in managing such investments in distressed situations. For example, the Registrant, on behalf of a client, may elect to serve on creditors' committees, official or unofficial, equity holders' committees or other groups to ensure preservation or enhancement of the client's position as a creditor or equity holder in bankruptcy or insolvency proceedings or otherwise be engaged in financial restructuring activities in a variety of capacities. Such activities may result in the Registrant receiving confidential information that may, as a result of applicable securities laws or the internal policies of the Registrant, limit or otherwise constrain the Registrant's flexibility in purchasing or selling securities or other obligations with respect to all client portfolios. At times, the Registrant, in an effort to avoid such restrictions or limitations for client portfolios, may elect not to receive confidential information, which may be relevant to the client portfolios, that other market participants are eligible to receive or have received. However, the Registrant may choose to implement information barrier procedures to allow investments to be managed independently by preventing the transmission of private side information to those managing public side client holdings. These procedures are designed to balance the various investment interests of all clients during distressed situations, manage potential conflicts between investors, and satisfy fiduciary duties owed to all clients.

In addition, other potential conflicts of interest may arise due to the activities of the Registrant and its personnel. These potential conflicts include, but are not limited to, the following: (i) personnel of the Registrant may serve as directors of certain companies in which the Registrant's clients have an interest, and, in that capacity, will be required to make decisions that consider the best interests of the portfolio company rather than the individual interests of the Registrant's clients; and (ii) personnel of the Registrant may serve in various other capacities and will devote such time to each of the Registrant's clients as the Registrant, in its sole discretion, deems necessary to carry out the operations of each client effectively.

As noted above in Item 6, the receipt of performance fees by the Registrant creates a potential conflict of interest because the Registrant could benefit from disproportionately allocating investment opportunities to those investment vehicles with performance fees. The Registrant has adopted policies and procedures designed to ensure that investment opportunities are allocated fairly among accounts over time.

The Registrant has established policies and procedures to identify and address potential conflicts of interest. Any conflicts of interest that arise between one of the Registrant's clients and Credit Suisse and its affiliates or their clients (or another client of the Registrant) will be discussed and resolved on a case by case basis by senior officers of Credit Suisse and its affiliates and representatives of the Registrant, or internally by the Registrant, as applicable. Any such discussions will take into consideration the interests of the relevant parties and the

circumstances giving rise to the potential conflict. Potential conflicts will not necessarily be resolved in favor of Registrant's clients or any one of Registrant's clients. To the extent possible, the Registrant will seek to engage in arm's-length transactions in which Credit Suisse and its affiliates have a direct or indirect financial interest.

## **ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS & PERSONAL TRADING**

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### **Personal Trading and Code of Ethics**

The Registrant strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, the Registrant has adopted a Code of Ethics which establishes ethical standards for the Registrant and seeks to avoid the appearance of conflicts of interest. The Code of Ethics incorporates the following general principles that all employees are expected to uphold: employees must at all times place the interests of clients first; all personal securities transactions must be conducted in a manner consistent with the Registrant's Personal Account Trading Policy and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided; employees must not take any inappropriate advantage of their positions; information concerning the identity of securities and financial circumstances of the Registrant's clients, including the investors in the Investment Vehicles and other accounts managed by the Registrant, must be kept confidential; and independence in the investment decision-making process must be maintained at all times.

The Registrant's Personal Account Trading Policy also permits personnel covered by the Code of Ethics ("Covered Persons") to invest in securities, including securities that may be purchased or held by clients, subject to certain disclosures and restrictions that are designed to address potential conflicts of interest that could arise from personal trading by advisory personnel, including: (1) all Covered Persons must report their personal securities transactions in accordance with Rule 204A-1 of the Advisers Act and Rule 17j-1 of the Investment Company Act of 1940; (2) with certain limited exceptions, all Covered Persons must obtain pre-clearance before executing any personal securities transactions; (3) Covered Persons may not execute personal trades in a security if there are any pending orders in that security by clients; (4) generally, Covered Persons may not invest in initial public offerings; and (5) Covered Persons are subject to minimum holding periods, blackout periods and a restricted securities list. Investors may request a copy of the Code of Ethics by contacting the Registrant c/o Credit Suisse, Investor Relations, One Madison Avenue, 6th Floor, New York, New York 10010, 877-435-5264.

### **Participation or Interest in Client Transactions**

The Registrant expects to execute trades through its related persons on both a principal and agency basis, as discussed in further detail below. All such activities will be conducted in accordance with the Registrant's duty to seek best execution for its clients and otherwise in accordance with applicable law, including Section 206 of the Advisers Act and the rules thereunder. These activities, if required or appropriate, will include appropriate disclosure to and receipt of consent from an independent source such as a conflicts review service provider, an advisory committee, an independent adviser or an authorized representative of the relevant client.

Further, when engaging in such transactions, the Registrant will seek to comply, as applicable, with the Advisers Act, the Investment Company Act, the Employee Retirement Income Security

Act of 1974 (“ERISA”), and/or other applicable laws, rules or regulations, including any interpretations, modifications, exemptions or other relief or permission from or by the U.S. Securities and Exchange Commission (the “SEC”), SEC staff, the U.S. Department of Labor (the “DOL”), DOL staff or other authority with appropriate jurisdiction.

The Registrant has established policies, procedures and disclosures designed to address and monitor potential conflicts of interest arising in connection with trading between accounts of its clients and the Registrant.

#### Principal Transactions

To the extent permitted by applicable law, the Registrant may enter into transactions and buy or sell securities or instruments for the account of its clients when one or more affiliates of the Registrant acts as principal or otherwise makes a market in such securities or when an affiliate is the underwriter of such securities. Use of such affiliates may create conflicts of interest due to the potential conflicting loyalties between the affiliate and the Registrant’s clients. To mitigate this conflict of interest, when the Registrant enters into a principal trade it employs either a designated Conflicts Review Board, the independent board of directors of the related Fund or an authorized representative of the client to obtain consent to the principal trade. In addition, a review process is used to ensure that consent for the transaction is received and complies with applicable law. Failure to obtain consent may result in unwinding or “breaking” the trade at the expense of the Registrant. However, in selecting any affiliate, the Registrant will use the same criteria as it uses to select any other broker or dealer, including a fiduciary obligation, to the extent applicable, to seek best execution.

#### Cross Transactions

The Registrant may buy or sell securities for Investment Vehicles, FoFs, separate accounts or other clients when an affiliate of the Registrant serves as broker for both the Registrant’s client and the party on the other side of the transaction (i.e., agency cross trades). From time to time, the Registrant also may direct an Investment Vehicle, FoFs, separate account or other client to sell investments to another Investment Vehicle, FoFs, separate account or other client, subject to applicable guidelines. If the Registrant engages in such transactions, it will receive no compensation in connection therewith and will seek to comply with applicable law. To the extent an affiliated broker-dealer of the Registrant receives compensation in connection with such a transaction, the Registrant will disclose the dual capacity in which the affiliated broker is acting and will obtain the consent of the Investment Vehicle, FoFs, separate account or other client prior to effecting the transaction, unless the Investment Vehicle, FoFs, separate account or other client, prior to effecting the transaction, has granted permission to engage in these types of transactions in accordance with Rule 206(3)-2 under the Advisers Act.

Cross transactions may include trades between funds or accounts advised by Registrant or its affiliates. Cross transactions may enable the Registrant to purchase or sell a block of securities or other instruments for a client at a set price and possibly avoid an unfavorable price movement that may be created through entrance into the market with such purchase or sell order. This may have a potentially conflicting division of responsibilities to both parties to a principal or cross transaction.

For additional information concerning the interests of the Registrant and its affiliates in client transactions, see Item 10 above.

## ITEM 12: BROKERAGE PRACTICES

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### **Commission Rates and Research Services**

Brokers are selected primarily on the basis of the execution capability and trading expertise consistent with the effective execution of the transaction. Each security transaction will be placed with specific broker-dealers selected by the Registrant with the overriding goal of receiving “best execution” at a fair, competitive brokerage cost. In selecting broker-dealers, the Registrant seeks to do business with those broker-dealers that, in the Registrant’s judgment, can be expected to provide the best service considering such factors as executions and operational capacity, transaction support, research, capital introduction capabilities, ongoing diligence, integrity and sound financial practices. The service has two main aspects: the execution of buy and sell orders and the provision of research. In negotiating commissions with broker-dealers, the Registrant will pay no more for execution and research services than it considers either or both together, to be worth. The worth of execution service depends on, among other things, the ability of the broker-dealer to minimize costs of securities purchased and to maximize prices obtained for securities sold. The worth of research depends on its usefulness in optimizing portfolio composition and its changes over time. When the Registrant uses client brokerage commissions to obtain research or other products or services, the Registrant receives a benefit because it does not have to produce or pay for the research, products or services. Additionally, the Registrant has an incentive to select or recommend a broker-dealer based on the Registrant’s interest in receiving the research or other products or services, rather than on its clients’ interest in receiving most favorable execution.

The Registrant may enter into soft dollar arrangements. Brokerage commissions that are generated for the combination of execution and research services that meet the Registrant’s standards may be higher than for execution services alone or for services that fall below the Registrant’s standards. The Registrant believes that these arrangements may benefit all clients and not necessarily only the accounts in which the particular investment transactions occur that are so executed. Further, the Registrant will only receive brokerage or research services in connection with securities transactions that are consistent with the “safe harbor” provisions of Section 28(e) of the Securities Exchange Act of 1934, as amended, when paying such higher commissions. To the extent the Registrant provides advisory service for multiple accounts, research may be used to service all of the Registrant’s accounts, not just those paying for it, although the benefits are not necessarily allocated proportionately to the accounts generating soft dollar credits.

The Registrant may utilize independent brokerage firms and independent consulting firms in addition to its internal professional staff for the origination of research ideas. Among the research services that the Registrant will receive from brokerage firms are the following:

- Research on specific industries
- Research on specific companies
- Macroeconomic analyses
- Analyses of national and international events and trends



- Evaluations of thinly traded securities
- Computerized trading screening techniques and securities ranking services
- General research services (i.e., Bloomberg, Reuters)
- Market Data Services (i.e., order management routing systems)

In certain cases, a research service may serve other functions that are not related to the making of investment decisions (such as accounting, record keeping or other administrative matters). Where a product obtained with commissions has such a mixed use, the Registrant will make a good faith allocation of the cost of the product according to its use. Those services that provide administrative or other non-research assistance to the Registrant will be paid solely using the Registrant's own funds.

In certain investment strategies (usually fixed income), dealers act as principals and not brokers when effecting transactions. These transactions are effected through market makers who earn a markup on the transaction. Transactions in certain assets such as leverage loans and distressed debt are often subject to settlement periods in excess of the securities standard of trade date plus three days. Settlement periods can range from seven days to thirty days or longer in certain cases. Unless otherwise agreed to, a seller owns the security until closed and as such is entitled to all interest and fees earned and accrued until closing occurs. Other terms may be negotiated as warranted. Participants are subject to ongoing market risk to the extent that settlement is lengthy.

Neither the research services nor the amount of brokerage given to a particular broker-dealer are made pursuant to an arrangement or commitment that would obligate the Registrant to compensate selected broker-dealers for the services provided.

### **Trade Aggregation, Allocation and Errors**

With respect to Investment Vehicles that invest directly in investment securities or other assets and with respect to advisory clients, if the Registrant believes that the purchase or sale of a security is in the best interest of more than one Investment Vehicle or more than one advisory client, it may (but is not obligated to) aggregate the orders to be sold or purchased to obtain favorable execution or lower brokerage commissions, to the extent practicable and when permitted by applicable laws and regulations. In the event the Registrant aggregates an order for participating accounts, the method of allocation will generally be determined prior to the trade execution. Although no specific method of allocation of transactions (as well as expenses incurred in the transactions) is expected to be used, allocations will be designed to ensure that over time all clients receive fair treatment consistent with the Registrant's fiduciary duty to its clients (including its duty to seek to obtain best execution of client trades). The accounts aggregated may include registered and unregistered investment companies managed by the Registrant's affiliates and accounts in which the Registrant's officers, directors, agents, employees or affiliates own interests. The Registrant may not be able to aggregate securities transactions for clients who direct the use of a particular broker-dealer, and the client also may not benefit from any improved execution or lower commissions that may be available for such transactions. Where trades are aggregated, the transactions, as well as the expenses incurred in the transactions, will be allocated by the Registrant according to a policy designed to seek to ensure that such allocation is fair and equitable over time and consistent with the Registrant's fiduciary duty and client guidelines in order to construct a fully invested portfolio (including its

duty to seek to obtain best execution of trades). Aggregation of orders under this circumstance should, on average, decrease the costs of execution.

Depending upon markets conditions, the aggregation of orders may result in higher or lower average prices paid or received. Orders which are not aggregated are entered at the market prices prevailing at the time of the transaction. Accordingly, trades that are not aggregated and entered at different times during the same day may result in different pricing.

In addition, derivative transactions may be priced by the counterparty or pursuant to the respective documentation for the derivative transactions. Thus, client portfolios may be priced at different levels. While the Registrant seeks to minimize the price disparity that may result, there can be no assurance that consistent pricing will be achieved among advisory clients and Investment Vehicles. Further, there is no assurance that Investment Vehicles or advisory clients with similar strategies will hold the same investments or perform in a similar manner.

Allocations are made in a manner which the Registrant deems to be fair and equitable over time. Due to the nature of certain assets as well as specific client guidelines pro rata allocation of trading opportunities is not always feasible, therefore such allocations are driven primarily by a number of factors, including client guidelines, Investment Vehicle's documentation, legal and tax concerns and the Registrant's internal investment policies, if any. The Registrant's internal investment policies are based in general on its overall view of market conditions relative to the portfolio's including such factors as the nature and size of existing and other portfolios under management as the nature and size of existing holdings, cash positions. For example, consideration may be given to Investment Vehicles which are ramping up or have sizable inflows or outflows of funds. Allocations may be made to accounts managed in a similar manner in order to provide similar size exposure to investments.

Pursuant to this policy, each Investment Vehicle or advisory client that participates in an aggregate order will participate on a pro rata basis at the average share price for the aggregated order in that security on a given business day, by broker, with transaction costs shared pro rata based on each Investment Vehicle's or on each advisory clients' participation in the transaction. If the order is partially filled, it generally will be allocated pro rata in portion to the size of the orders placed for each participating Investment Vehicle. The accounts aggregated may include registered and unregistered investment companies managed by the Registrant's affiliates and accounts in which the Registrant and its affiliates and their respective officers, directors, agents or employees own interests or may benefit directly or indirectly.

The Registrant's policies and systems are designed to allow client assets to be managed without incident. While, the Registrant employs policies and procedures to avoid these errors, it should be noted that any policy developed could not possibly anticipate every potential error. Errors may occur either in the investment decision-making process (e.g., a decision may be to purchase a security or an amount of a security that violates client guidelines) or in the trading process (e.g., a buy order may be executed as a sell order or vice versa). All trade errors are corrected as soon as practicable and are investigated for proper treatment. In addition, a full review of any errors is undertaken to determine whether a potential systematic weakness exists.

The Registrant has multiple investment committees which are more prevalent within the Registrant's illiquid business. Each committee is responsible only for its clients and investment opportunities are generally not allocated among clients of different investment committees.

### **Broker or Dealer to be Used**

Most clients for whom the Registrant serves as adviser leave the selection of brokers or dealers to effect securities transactions to the discretion of the Registrant. In certain circumstances, the Registrant is instructed which brokers and dealers to use or not to use to execute securities transactions. In those cases where clients designate brokers or dealers through which transactions are to be effected, it may not be possible for the Registrant to obtain for such clients the lower rates that might be obtainable if the Registrant had full discretion in the selection of the executing firm.

## **ITEM 13: REVIEW OF ACCOUNTS**

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The Registrant has policies in place for reviewing portfolio transactions for consistency with investment objectives, suitability, and that over time investment opportunities are fairly allocated among eligible accounts. The Registrant's investment professionals review the relevant portfolios periodically and on an on-going basis and provide reports in a manner, and at a frequency, as may have been negotiated with the client(s) or as set forth in the Investment Vehicle documentation. In addition, clients generally are provided with periodic reports and relevant tax reporting information. Special reports may be developed to meet specific client requirements or respond to client inquiries.

The investments made by the Registrant's clients are generally by the clients' risk/return objective to include private equity investments and separated managed funds, amongst the various strategies available. Accordingly, the review process is not directed towards a short term decision to purchase or sell securities. However, the Registrant carefully monitors companies in which its clients invest and generally maintains an ongoing evaluation of such companies.

Generally, securities for which market quotations are readily available will be assigned the independent mark and all other securities (and other assets) will be assigned their "fair value" as determined in good faith by the Registrant, subject to the policies and procedures on valuation and independent quarterly reviews by a valuation committee comprised of firm-wide representatives, including senior management from the Registrant.

## ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

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The Registrant may pay fees to financial intermediaries, advisers, planners, and individuals who refer their clients to the Registrant or investors to Investment Vehicles, in accordance with applicable law. Depending upon an Investment Vehicle's structure and documentation, such fees can be paid from the Investment Vehicle's assets. In addition, the Registrant may pay a portion of the advisory fee and/or performance fee, if any, to any of its affiliates and other third parties for clients referred to it by such affiliates and other third parties. Such fees paid to any affiliates and other third parties also will be in accordance with applicable law, and any other applicable obligations of those individuals and entities receiving such fee.

Written agreements may be entered into between the Registrant and solicitors pursuant to Rule 206(4)-3 under the Advisers Act. Pursuant to such agreements, the Registrant provides the solicitor with this Part 2 of its Form ADV, or the relevant Schedule H, Managed Accounts Brochure, as applicable ("Disclosure Documents"). The solicitor must provide to clients, at the time of solicitation, (i) the Registrant's Disclosure Documents and (ii) a written disclosure statement on the solicitor's letterhead which shall: (a) advise the client of the nature of the relationship between the solicitor and the Registrant; (b) include a statement that the solicitor will be compensated for its solicitation services by the Registrant; (c) indicate the terms of such compensation arrangement, including a description of the compensation paid or to be paid to the solicitor by the Registrant as a result of the solicitation agreement; and (d) indicate whether client will be charged amounts in addition to the investment advisory fee in connection with the solicitation agreement between solicitor and the Registrant.

Certain affiliates of Credit Suisse hold an equity interest in a General Partner of an Investment Vehicle and hence may receive a portion of the revenues or profits of some or all of these entities in addition to the fees received by Credit Suisse and/or its affiliates for serving in the capacity of placement agent.

In addition, employees of the Registrant may introduce prospective advisory clients to the Registrant. Employees of the Registrant who refer clients to other divisions of Credit Suisse for products or services may be entitled to receive incentive compensation for the referral which does not increase the fees or expenses paid by the client for the product or service. The relationship between the solicitor-employee and the Registrant is disclosed to the prospective advisory client at the time of the solicitation. Under the Credit Suisse Single Global Currency ("SGC") program, employees are encouraged to make cross-divisional referrals of clients and prospective clients which may include referrals to the Registrant. Policies are in place to address the principles that must be adhered to when making cross-divisional client and prospective client referrals and will determine eligibility for SGC. The use of referral and solicitation arrangements, including SGC, may create a potential conflict of interest. As described above the Registrant has policies and procedures in place to address and mitigate the potential conflicts.

## ITEM 15: CUSTODY

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The Registrant generally does not maintain direct custody of client assets. However, under Rule 206(4)-2 under the Advisers Act, “custody” is broadly defined to also include holding indirectly client funds or securities, or having any authority to obtain possession of them. In particular, as respects the Registrant’s clients, the Registrant is considered to have custody either:

- With respect to managed accounts, because the Registrant is authorized under the client’s agreement with the Registrant to withdraw the client funds or securities maintained with a third-party custodian upon the Registrant’s instruction to the third-party custodian; and
- With respect certain of the Investment Vehicles or Participating Funds advised by the Registrant, the Registrant or an affiliate of the Registrant serves in a capacity (such as general partner of a limited partnership, managing member of a limited liability company or a comparable position for another type of pooled investment vehicle, or trustee of a trust) that gives it legal ownership of or access to the Investment Vehicles or Participating Funds’ funds or securities.

In order to avoid any potential conflict of interest that indirect custody of client assets may cause, the Registrant takes the following actions required or permitted by Rule 206(4)-2:

- With respect to managed accounts, the Registrant makes due inquiry in order to have a reasonable basis to believe that the third-party custodian sends an account statement, at least quarterly, to each managed account holder, identifying the amount of funds and of each security in the account at the end of the period and setting forth all transactions in the account during that period. Managed account holders should carefully review the account statements that they receive from their third-party custodian, and they are urged to compare those account statements with the account statements that they receive from the Registrant.
- With respect to Investment Vehicles or Participating Funds, the organization documents of such vehicles provide for the annual audit of the vehicles’ financial statements and the delivery of such audited financial statements to investors. Investors in these Investment Vehicles or Participating Funds are instructed to review the financial statements carefully.
- To the extent the Registrant is not required or is unable to delivery audited financial statements of an Investment Vehicle or Participating Fund to its investors, the Registrant is required to undergo an annual surprise examination for those accounts. The accountant’s procedures for the surprise examination should include confirmation of the client assets with both the Registrant and the client and confirmation of contributions and withdrawals. In addition, these accounts also maintain their holdings at a qualified custodian.

## **ITEM 16: INVESTMENT DISCRETION**

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Generally, the Registrant portfolio management teams have sole discretion to determine on behalf of a client which securities will be bought or sold (and in what amount) by such Investment Vehicles. The respective investment management agreement, partnership agreement and/or private placement memorandum may, however, place certain restrictions on the type and amount of securities which the Registrant can buy on behalf of the client. In certain cases the client may maintain discretion over which securities may be bought and sold, in which amount and when and this would be noted as part of those materials.

## ITEM 17: VOTING CLIENT SECURITIES

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Investments in partnerships and other Investment Vehicles do not typically convey traditional voting rights, and the occurrence of corporate governance or other consent or voting matters for this type of investment is substantially less than that encountered in connection with registered equity securities. On occasion, however, an investor may receive notices or proposals from a partnership or other Investment Vehicles seeking the consent of or voting by holders (“proxies”).

The Registrant is required to describe its proxy voting policies and procedures and, upon the request of any client, to provide such person with (i) the actual policies and procedures and (ii) information about votes cast on behalf of any fund managed by the Registrant in which such person has made an investment. These policies and procedures: (i) address the Registrant’s overall policy to vote client proxies in the best interest of the investors in the funds managed by the Registrant and in a manner that maximizes the value of investments made by a fund; (ii) identify the persons responsible for monitoring corporate actions, determining whether and how to vote proxies and submitting proxies and (iii) describe the Registrant’s approach to addressing material conflicts of interest that may arise in connection with the consideration of a proxy. In general, proxies will be voted in consultation with a client’s investment professional who is responsible for the relevant portfolio investment. The investment professionals will vote proxies in a manner they believe to be consistent with the best interest of such clients and their investors. The investment professionals monitor potential conflicts by consulting with counsel and taking appropriate measures to mitigate any such conflicts. Records of proxy materials and votes are maintained in the Registrant’s offices. Investors in the funds managed by the Registrant can obtain a copy of the proxy voting policies and procedures or information on how the Registrant voted proxies for any fund in which an investor has an investment by contacting the Registrant c/o Credit Suisse, Investor Relations, One Madison Avenue, 6th Floor, New York, New York 10010, 877-435-5264.

In situations where clients retain the ability to vote proxies, they will receive their proxies or other solicitations directly from their custodian or transfer agent.



## **ITEM 18: FINANCIAL INFORMATION**

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**Not Applicable**