

Tradewinds Investment Management, L.P.

Part 2A of Form ADV

The Brochure

Three Harbor Drive, Suite 213
Sausalito, CA 94965
415.289.0500

March 2012

This brochure provides information about the qualifications and business practices of Tradewinds Investment Management, L.P. (“Tradewinds”). Tradewinds is registered with the United States Securities and Exchange Commission (“SEC”) as an investment adviser. That registration does not imply a certain level of skill and training. The information in this brochure has not been approved or verified by the SEC or by any state securities authority. If you have any questions about the contents of this brochure, please contact us at 415.289.0500.

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

Item 2 - Material Changes

In 2010 the SEC required significant changes to the content and format of Part 2 of Form ADV. This brochure, which reflects those changes, is materially different from brochures used by Tradewinds in prior years.

Item 3 - Table of Contents

Material Changes	i
Table of Contents.....	ii
Advisory Business	1
Fees and Compensation	1
Performance Based Fees and Side-by-Side Management.....	2
Types of Clients.....	3
Methods of Analysis, Investment Strategies and Risk of Loss.....	3
Disciplinary Information.....	4
Other Financial Industry Activities and Affiliations	4
Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	5
Brokerage Practices.....	5
Review of Accounts	6
Client Referrals and Other Compensation	7
Custody	7
Investment Discretion.....	7
Voting Client Securities	7
Financial Information.....	7

Item 4 - Advisory Business

Tradewinds was formed as a Delaware limited partnership in April 2004 by its general partner, Tradewinds Investment Associates, LLC (“Tradewinds IA”). Robert W. Scannell and Scott Peters are the managing members of Tradewinds IA.

Tradewinds primarily provides discretionary advisory services to U.S. investment limited partnerships, offshore investment funds and other pooled investment vehicles (“Funds”), as well as one or more separately-managed accounts, with the goal of achieving capital appreciation while managing risk.

Tradewinds tailors its advisory services to meet the investment objectives, guidelines and other terms of the Funds and separate account(s) it manages. See “Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss” below for more detail.

Tradewinds serves as investment manager to three California investment limited partnerships: Tradewinds Capital, L.P., Tradewinds Fund, L.P. and Tradewinds Non-\$ Bond Fund, L.P. (each a “US Fund” and collectively, “US Funds”). Tradewinds also serves as investment manager to several non-U.S. investment funds (the “Offshore Funds”) with the same or similar investment strategies as the US Funds. Some of the Funds are structured as a “master-feeder” group. The Funds and the separate account are Tradewinds’ current clients (“Clients”).

The investment objective of certain Funds is to maximize returns through investment in distressed or undervalued assets. The investment objective for one fund is to protect against devaluation of the US dollar. Tradewinds manages the separate account in accordance with the account’s investment guidelines and limitations.

Tradewinds or an affiliate may, in the future, act as general partner and/or investment manager to additional or other investment limited partnerships, offshore funds and separately-managed accounts.

Tradewinds has complete discretion over investment decisions for the Funds, and investors have no authority to change the Funds’ investment objectives or limitations. Investors have no right to remove or replace Tradewinds.

Tradewinds does not participate in wrap fee programs.

Tradewinds manages client assets on a discretionary basis. Tradewinds does not provide non-discretionary investment advice. As of December 31, 2011, Tradewinds has approximately \$188,000,000 of regulatory assets under management.

Item 5 - Fees and Compensation

Compensation provided to Tradewinds (and/or an affiliate) is negotiable and includes a management fee and a performance allocation/fee. For services provided to the Funds, Tradewinds is paid a management fee in advance at the beginning of each quarter and is equal to .9-1.5% per annum (depending on the Fund) of the net asset value of each investor’s account on the first day of each fiscal quarter. A performance allocation/fee, if any, is paid at the end of the year and is equal to 20%

of net profits (depending on the Fund) including realized, and in certain cases, unrealized, gains and losses otherwise allocable to an investor. The performance allocation/fee is assessed in arrears at the end of the year and is only applied to the portions of profits that exceed the cumulative losses previously incurred by or allocated to the investor.

Tradewinds' compensation from a separate account is negotiated with its beneficial owner and may vary between separate accounts.

Tradewinds complies with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the "Advisers Act"). Tradewinds believes that its fees are competitive with the fees charged by other investment advisers for comparable services; however, comparable services may be available from other sources for lower fees than those charged by Tradewinds.

Investors may withdraw or redeem, as applicable, all or part of their investments from a Fund on various permitted withdrawal or redemption dates, provided that they provide Tradewinds (or its affiliate) with at least 7-60 days prior written notice (depending on the Fund).

Generally, an investor may terminate a separately-managed account by giving Tradewinds (or its affiliate) at least 30 days prior written notice. Tradewinds' relationship with a Fund is terminable only upon the termination of the Fund. In all cases, the expenses, the management fee and the performance allocation/fee, if any, through the date of termination are charged to the Client. In certain instances (depending on the Client), the unearned portion of the management fees paid in advanced, are refunded to investors upon withdrawal or redemption, as applicable, or termination of an account.

As a general matter, fees and other compensation are negotiable in certain circumstances and arrangements with particular investors or Clients may vary.

Please see "Item 12 - Brokerage Practices" in this brochure for further information on brokerage practices and arrangements that may relieve Tradewinds from certain costs and expenses.

Neither Tradewinds nor any of its supervised persons accepts commissions or other compensation for the sale of securities or other investment products.

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

As discussed above under "Item 5 - Fees and Compensation," in connection with the Funds and the separate account(s) that it manages, Tradewinds receives a management fee and may receive a performance allocation/fee. As a result, Tradewinds may face a conflict of interest in managing both Funds and separate account(s) at the same time because Tradewinds may have an incentive to favor Clients for which it is entitled to receive a performance allocation/fee (or higher performance allocation/fee). Tradewinds seeks to address this conflict of interest through its trade allocation policies and procedures, which generally require its personnel to allocate investment opportunities among Clients in an equitable manner using their best judgment.

Item 7 - Types of Clients

Tradewinds' current Clients are the Funds and the separate account(s). See "Item 4 - Advisory Business" above. Potential Fund investors may read the eligibility criteria and minimum investment requirements specific to each Fund in the relevant Fund's confidential offering memorandum and subscription application. Tradewinds negotiates the requirements for opening a separate account on a case-by-case basis.

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

The investment objective of certain Funds is to maximize returns through investment in distressed or undervalued assets. These Funds may seek to accomplish their investment objective by investing substantially all of its investable assets into the master fund. The master fund invests primarily in "distressed" securities, that is, securities that have in the recent past fallen materially in price. Generally, the issuer of distressed securities is undergoing a serious crisis or significant change. While the master fund expects generally to invest in distressed securities, it is authorized to invest in all types of stocks, bonds, notes, bills, participating and convertible debt instruments, warrants, rights, derivatives and other securities and instruments of U.S. and non-U.S. issuers that are traded in public markets. The master fund may also engage in short selling, margin trading, hedging and other investment strategies and trades in publicly traded or over the counter options. In addition, the master fund may invest in restricted securities that are not traded in public markets. The master fund seeks to exploit discrete niches of the global securities markets at times when it identifies inefficient pricing for structural, cyclical or emotional reasons. The majority of the master fund's positions will usually be "deep value" investments, and as such are unhedged and concentrated on the long side of the market. The master fund's investments is comprised of both debt and equity securities, and often will be heavily weighted in one or the other, driven by the specific opportunities present at that time. Investments themes generally results from a "top down" analysis of specific events or general market conditions. In the midst of situations where securities prices fell dramatically and the market reached a point of emotional capitulation, Tradewinds will seek to identify specific sectors and securities that have been unreasonably or irrationally devalued by dislocation in the broader market. Tradewinds believes that this approach, when successful, yields investments with the best possible characteristics: very modest downside risk versus asymmetric upside potential. In Tradewinds' experience, such investments tend also to have exceptionally low correlation to the broader market. Within the broad universe of distressed securities, the Investment Manager will typically focus on three discrete subcategories: (i) event-driven investments, (ii) deep value situations and (iii) restructuring investments.

The investment objective for one fund is to protect against devaluation of the US dollar by investing in a diversified portfolio of short-term, non-U.S. dollar bonds. This Fund will invest primarily in 3-5 year corporate or sovereign bonds denominated in currencies other than the U.S. dollar. The portfolio will be managed to maximize yield and currency gains. The issuers of the bonds may be located in the United States, but it is expected that the majority of such issuers will be domiciled outside of the United States.

The above descriptions are simplified summaries of the strategies Tradewinds employs. Fund investors and prospective investors can find further detail about the strategies in a Fund's confidential offering memorandum, and should only make an investment decision after careful review of all those details and the related risks.

Tradewinds manages the separate account in accordance with the account's investment guidelines and limitations.

All investing involves a risk of loss and investors should be prepared to bear losses on their investments managed by Tradewinds. Past results are not necessarily indicative of future results. The Clients may produce gains and losses due to broader changes in the financial markets; however, gains and losses are also based on Tradewinds' investment acumen and securities selections, and may be impacted by other factors including market volatility, corporate activity, regulatory oversight, trading volume and money flows. The Clients have significant fees and expenses that will reduce returns.

Tradewinds may implement a variety of investment strategies and techniques, in addition to those described above, and the Clients may invest in a wide array of investments, each of which may have diverse associated risks, including counterparty risk, credit risk and liquidity risk. The Funds may be leveraged, which increases the risk of investment loss, and the performance may be volatile. The Funds are not subject to the same regulatory and reporting requirements as SEC-registered funds (e.g., mutual funds). **The risks described above are not a complete list of risks involved with investing in the Funds – specific risks and conflicts of interest associated with an investment in the Funds are described in detail in a Fund's confidential offering memorandum. Investors and prospective investors should carefully review a Fund's confidential offering memorandum for further information.**

Item 9 - Disciplinary Information

None of Tradewinds, its affiliates or their respective owners, officers, managers, agents or employees have been involved in any legal or disciplinary events that would be material to a client's evaluation of the company or its personnel.

Item 10 - Other Financial Industry Activities and Affiliations

Tradewinds, its affiliates and their respective owners, officers, managers, agents or employees are not registered (and do not have any application pending to register) as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor, or an associated person of any of the foregoing entities. In addition, Tradewinds, its affiliates and their respective owners, officers, managers, agents or employees do not have any relationships or arrangements with other financial services companies that pose material conflicts of interest. Finally, Tradewinds does not recommend or select for its Clients, or have other business relationships with, other investment advisers.

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

Tradewinds' written code of ethics is applicable to all employees. Among other things, the code will require that Tradewinds and its employees act in Clients' best interests, abide by all applicable regulations, not engage in insider trading, and pre-clear and report on many types of personal securities transactions. All employees will be required to report all brokerage accounts in which they have a beneficial interest, as well as their securities holdings. In addition, all employees will be required to pre-clear with the Chief Compliance Officer all proposed securities transactions (except with respect to certain government securities, shares of mutual funds and certain other types of securities that Tradewinds does not believe create a potential for conflicts of interest). Tradewinds will monitor all employees' securities transactions: employees may be required to arrange for duplicate copies of their brokerage statements and trade confirmations to be sent to the Chief Compliance Officer or his delegate. A copy of Tradewinds' code of ethics is available to investors and prospective investors upon request.

While the code will generally prohibit employees from trading in any securities held by the Clients, there may be circumstances where the Clients will trade in a security that an employee already holds in his or her account. Additional scrutiny will be applied if the employee later submits a request to sell a security or enter into a transaction in a security that is also held by the Clients. As a general matter, the employee will be prohibited from selling or transacting in such security, if Tradewinds is contemplating a sale or transaction for a Client in such security.

Tradewinds or an affiliate has a financial interest in the Funds (through the management fee and performance fee described under "Item 5 - Fees and Compensation" above, as well as by way of an investment in the Funds) and, therefore, Tradewinds has an incentive to recommend that investors, prospective investors invest in the Funds.

Item 12 - Brokerage Practices

In selecting a broker/dealer for any transaction or series of transactions, Tradewinds considers a number of factors, including, for example, net price, reputation, financial strength and stability, efficiency of execution and error resolution, block trading and block positioning capabilities, willingness to execute related or unrelated difficult transactions in the future, order of call, on-line access to computerized data regarding clients' accounts, the availability of stocks to borrow for short trades, custody services and other matters involved in the receipt of brokerage services generally.

Tradewinds may, from time to time, obtain from a broker/dealer (1) certain research services, which are limited to advice, analyses, and reports regarding economic, market, financial, or similar information, including without limitation, recommendations, research reports, data services, financial newsletters, and quantitative analytical software; and (2) certain brokerage services that are related to the execution of trades, including without limitation clearance and settlement services (collectively "soft dollar" services). If Tradewinds uses soft dollar services, it may pay a brokerage commission in excess of that which another broker/dealer might charge for effecting the same transaction in recognition of the value of the soft dollar services provided by the broker/dealer. In such a case, however, Tradewinds will determine in good faith whether such commission is reasonable in relation

to the value of the soft dollar services provided by the broker/dealer, viewed in terms of either the specific transaction or Tradewinds' overall responsibilities to the portfolios over which Tradewinds exercises investment authority. It should be noted, however, that one account may be charged a brokerage commission that exceeds what another broker/dealer might charge, while the soft dollar services resulting from such brokerage relationship would benefit all Tradewinds' accounts or Tradewinds' operations as a whole. Tradewinds' relationships with brokerage firms that provide soft dollar services to Tradewinds may influence Tradewinds' judgment in allocating brokerage business and create a conflict of interest in using those firms to execute brokerage transactions for Clients.

Tradewinds may aggregate securities sale and purchase orders for a Client with similar orders being made contemporaneously for other accounts managed by Tradewinds. In such event, the average price of all securities purchased or sold in such transactions may be determined and a Client may be charged or credited, as the case may be, the average transaction price. As a result, however, the price may be less favorable to the Client than it would be if similar transactions were not being executed concurrently for other accounts.

A Client may direct Tradewinds to use a specific broker/dealer. However, if Tradewinds has not negotiated the terms and conditions (including, but not limited to, commission rates) relating to the services provided by such broker/dealer, then (1) the Client may not obtain rates as low as it might otherwise obtain if Tradewinds had discretion to use a broker/dealer other than the one chosen by the Client, and (2) Tradewinds is not required to obtain the lowest price or particular commission rates from such broker/dealer for the Client.

Tradewinds may, from time to time, direct a certain amount of brokerage to a broker/dealer in return for the broker/dealer's referral of prospective investors. The direction of brokerage to a broker/dealer in exchange for investor referrals creates a conflict of interest because Tradewinds will have an incentive to refer its Clients' brokerage business to broker/dealers to which it might not otherwise direct its brokerage transactions. However, Tradewinds understands and will scrupulously comply with its fiduciary obligations to its Clients in the event that Tradewinds enters into such an arrangement with a broker/dealer. Moreover, Tradewinds will regularly review the commission rates paid by its Clients to determine whether they are competitive with commissions paid by clients of investment advisers that provide services similar to Tradewinds.

Item 13 - Review of Accounts

Tradewinds' portfolio managers monitor and review the Funds on an ongoing basis for overall adherence to the Funds' investment objective and strategies, as well as any guidelines or restrictions.

Fund investors receive account statements directly from the Funds' administrator or Tradewinds generally on a quarterly basis. Tradewinds may supplement these statements with reports, letters or other communications. All Fund investors also receive annual reports that will include audited financial statements of the Funds as of the end of each fiscal year.

Item 14 - Client Referrals and Other Compensation

At this time, Tradewinds does not receive any benefits from third parties for providing investment advice or other advisory services to its clients, nor does Tradewinds or any of its related persons directly or indirectly compensate any third party for client referrals.

Item 15 - Custody

All assets of the Funds are held in the custody of unaffiliated broker-dealer or banks. Tradewinds is deemed to have custody of such assets because it or its “related person” (i.e., a general partner of a Fund) has custody over the assets of the Funds. Tradewinds and its “related person” employ various safeguards to balance their “custodial” powers. For example, a reputable, PCAOB¹-registered independent accountant performs an annual audit of the Funds’ financial statements. In addition, an independent third-party administrator is retained to calculate management fees and other compensation.

To the extent a separate account is responsible for its own custodial arrangement and related fees, Tradewinds is not deemed to have custody of the separate account’s assets.

Item 16 - Investment Discretion

Tradewinds has full investment discretion over the Clients assets pursuant to investment management agreements or separate account agreements, as applicable. Fund investors have no ability to modify a Fund’s investment strategy and must, therefore, carefully read the Fund’s confidential offering memorandum to understand the investment strategy and risks involved.

Item 17 - Voting Client Securities

Tradewinds has adopted Proxy Voting Policies and Procedures (the “Procedures”) that are designed to ensure that in cases where Tradewinds votes proxies with respect to Client securities, those proxies are voted in the best interests of its Clients. The Procedures will also require that Tradewinds identify and address conflicts of interest between Tradewinds and the Clients.

A copy of Tradewinds’ Procedures and information about how Tradewinds votes (or has previously voted) proxies is available to investors, or prospective investors, upon request.

¹ PCAOB is the Public Company Accounting Oversight Board, a nonprofit corporation established by Congress to oversee the audits of public companies in order to protect the interests of investors and further the public interest in the preparation of informative, accurate and independent audit reports. The PCAOB also oversees the audits of broker-dealers, including compliance reports filed pursuant to federal securities laws, to promote investor protection.

Item 18 - Financial Information

Tradewinds is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to its clients. Tradewinds has not been the subject of a bankruptcy petition.