

PHOENIX INVESTMENT ADVISER LLC

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Part 2A of Form ADV: Firm Brochure

Item 1 Cover Page

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Firm:

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CRD# 137717

SEC File# 801-65790

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This brochure provides information about the qualifications and business practices of Phoenix Investment Adviser LLC. If you have any questions about the contents of this brochure, please contact us at (212) 632-8422 or ryouree@phoenixinvadv.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Phoenix Investment Adviser LLC also is available on the SEC's website at www.adviserinfo.sec.gov.

Item 2 Material Changes

There are no material changes to the information contained in Form ADV Part 2 since the last annual update on March 31, 2011.

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Phoenix Investment Adviser LLC (“PIA” or the “Firm”) is a registered investment adviser providing investment advisory services to investment products, accounts and other advisory clients. The Firm Currently limits the categories of clients that it will provide investment advice and services too. To be more specific, PIA is a hedge fund manager; i.e., a manager of unregistered investment funds, portfolios, pooled investment vehicles and accounts.

The Firm was organized May 22, 2003 and has been managing one or more investment portfolios since September 2003.

The principal owner of the Firm is Jeffrey Peskind.

Currently, PIA limits its advisory services to investment products and accounts that limit their investor base to qualifying high net worth individuals and institutional investors. Qualifying persons are more fully described in federal securities laws as an “Accredited Investors”, “Institutional Investor”, “Qualified Client”, “Qualified Purchaser” and/or “Sophisticated Person”.

Investors for whom PIA provides services are sophisticated investors who receive detailed information in offering documents, information memorandums, limited partnership agreements, subscription agreements, etceteras and are (i) fully apprised by PIA of the services to be provided and fees to be charged and (ii) have a full opportunity to request detailed information from PIA.

As of March 1, 2012, PIA had discretionary assets under management (AUM) of approximately \$425,000,000. The Firm currently manages \$0 on a non-discretionary basis.

Item 5 Fees and Compensation

Phoenix Investment Adviser's fees may vary from account to account and may be subject to negotiated terms but, typically, PIA receives (i) a quarterly management fee, calculated and paid in advance directly from the client account, of 0.375% of the net asset value and (ii) an annual fee equal to 20% of the annual increase in net asset value (subject to a high water mark) provided, however, that the performance fee will not be payable on those assets that experience a net annual loss.

Investors and clients should review their governing documents to obtain further information on fee calculations specific to their account/investment. PIA reserves the discretion to waive or reduce fees.

In addition to management and performance based fees, clients accounts are subject to additional fees and expenses including, but not limited to, brokerage (please see Brokerage Practices, page 13) and custodial fees, organizational, legal, accounting, administration, audit, tax, registered office, and directors fees and expenses, as well as interest and dividend expense where applicable.

Phoenix Investment Adviser's fees may vary from account to account and may be subject to negotiated terms but, typically, PIA charges a performance based fee equal to 20% of the annual increase in net asset value (subject to a high water mark) provided, however, that the performance fee will not be payable on those assets that experience a net annual loss. Additionally, no performance fee will be taken on any assets until any loss is made up; i.e., the performance fee is subject to a high water mark.

Currently all PIA clients are subject to performance based fees.

The Firm currently limits the categories of clients that it will provide investment advice and services too. To be more specific, Phoenix Investment Adviser is a hedge fund manager; i.e., a manager of unregistered investment funds, portfolios, pooled investment vehicles, and accounts.

Currently PIA's hedge funds require a minimum initial investment of \$250,000 to \$1,000,000 and additional investments must be either a minimum of \$50,000 or \$100,000 depending upon the fund. PIA maintains the right to waive the investment minimums at its discretion.

Typically, subscriptions to the funds are accepted monthly and redemptions are permitted quarterly subject to an initial subscription lock-up of one year and the discretion of PIA. More detailed information on investment conditions can be found in the governing offering documents applicable to a particular fund, portfolio or client.

Phoenix Investment Adviser utilizes a research intensive, bottom-up investment process which focuses on securities of companies which have undergone or are undergoing some financial stress. These investments can include corporate bonds, corporate bank loans or bank debt, preferred stock, convertible securities, trade claims, trade receivables, ETFs and equities, as well as call and put options, and other derivatives, including credit default swaps, and other investments, as more fully described in the underlying funds' governing offering documents.

Investing in "stressed" securities is a form of "event-driven" investing whereby the Investment Manager bases its decision to invest on the occurrence of an event, which will reprice securities in the marketplace. These events include improved company earnings, improved outlook for an industry or sector, management changes, operational restructurings to cut costs, the confirmation of a bankruptcy plan of reorganization or liquidation that distributes cash and/or securities, or the maturity of a discounted instrument such as a bond or an account receivable that allows the Firm's clients to realize the value of its investments.

Phoenix Investment Adviser concentrates its investment recommendations to securities that it believes trade at a significant discount to their underlying value. PIA's portfolios may engage in short sales, hedging strategies and capital structure arbitrage to enhance performance. Under certain economic or market conditions, however, a temporary defensive position may be warranted, and the Firm may invest up to 100% of its client's assets in U.S. Government securities, such as Treasury bills, notes and bonds; cash; money market funds; or certificates of deposit, time deposits, bankers' acceptances and other short-term debt instruments.

Since the Firm is an adviser to hedge funds, it's important to note that an investment in a hedge fund is speculative and involves a high degree of risk, which each investor must carefully consider. Risks associated in investment in hedge funds include –

Returns generated from an investment in a hedge fund may not adequately compensate investors for the business and financial risks assumed. An investor may lose all or a substantial amount of his or her investment. While hedge funds are subject to market risks common to other types of investments, including market volatility, hedge funds employ certain trading techniques, such as the use of leveraging and other speculative investment practices that may increase the risk of investment loss. Other risks associated with hedge funds investments include, but are not limited to, the fact that hedge funds:

- can be highly illiquid;
- are not required to provide periodic pricing or valuation information to investors;
- may involve complex tax structures and delays in distributing important tax information;
- are not subject to the same regulatory requirements as mutual funds;

- often charge higher fees and the high fees may offset the fund's trading profits;
- can have performance that is volatile;
- may have a manager who has total trading authority over the fund and the use of a single adviser applying generally similar trading programs, which could mean a lack of diversification and, consequentially, higher risk;
- may not have a secondary market for an investor's interest in the fund and none may be expected to develop; and
- may have restrictions on transferring interests in the fund.

While PIA maintains a consistent investment process among the Firm's clients, PIA's investment portfolios differ in their focus on different parts of the underlying investment companies' capital structure, the amount of leverage employed, and type and amount of hedging employed.

Phoenix Investment Adviser will invest in securities and other obligations of companies that are experiencing significant financial or business distress, including companies may be involved in bankruptcy or other reorganization and liquidation proceedings. Although such investments may result in significant returns to the Firm's clients, they involve a substantial degree of risk and may not show any return for a considerable period of time, if at all. The Firm's clients may lose their entire investment or may be required to accept cash and securities with a value less than the original investment. Under such circumstances, the return generated from the Firm's investments may not adequately compensate the investors for the risks assumed.

Further, detailed descriptions of the risks of the Firm's investments and investment strategies are available to qualified individuals in the underlying funds' governing offering documents.

Item 9 Disciplinary Information

There are no legal or disciplinary events that are material to a client or prospective client's evaluation of Phoenix Investment Adviser or the integrity of its management.

Item 10 Other Financial Industry Activities and Affiliations

Neither the Firm, nor any of its management persons maintain any Activities or Affiliations which are material and in conflict with its investment advisory activity or the Firm's clients.

Pursuant to SEC rule 204A-1, Phoenix Investment Adviser has adopted a Code of Ethics which governs the Firm's activities and its personnel. This Code must be read and adhered to by all supervised persons at the Company, which includes all employees, directors, officers and members of the Company. Each supervised person must execute a written certification that they have read and reviewed the provisions of the Code and agree to abide by all of the provisions of the Code. It is the responsibility of all supervised persons to ensure that the Company conducts its business with the highest level of ethical standards and in keeping with the Code, as well as all applicable laws, rules and regulations. It is each supervised person's responsibility to read the Code of Ethics and to adhere to the policies and procedures.

PIA will provide any client or prospective client a copy upon request.

Phoenix Capital Management LLC, a PIA affiliate, is the general partner of the Firm's advisory clients which are structured as limited partnerships. PIA and its personnel solicit investment in funds in which Phoenix Capital Management acts as general partner.

Phoenix Investment Adviser and/or its personnel may invest in the same investment products and the same securities that it recommends to clients. Given the sophistication of persons eligible to invest in the firm's managed products and accounts, PIA reserves the right to engage in securities transactions with investment products managed by PIA and, to a more limited extent, the underlying investments in those investment vehicles. The Firm has adopted a compliance manual and a code of ethics, and any transactions will conform to the procedures and codes contained therein.

Phoenix Investment Adviser focuses on distressed and stressed securities, the vast majority of which historically have been and continue to be corporate bonds. Phoenix maintains trading relationships with sell side firms who make markets in those securities. Typically Phoenix will buy or sell these securities with those firms who act as the counter-parties on a principal basis in which there are no explicit commissions, but rather a mark up or mark down by those firms. For the firm's historically limited, but growing equities transactions, the Firm has generally used sell side trading desks that buy or sell securities for PIA on an agent basis, at what the Firm considers competitive market rates.

As more fully detailed in the governing offering documents applicable to a particular portfolio, account or client, PIA may receive economic benefit from third parties (such as brokerage firms) who provide services and support to PIA and its managed accounts. As an example, Phoenix receives portfolio, performance, risk and other reporting from its portfolios' or clients' prime brokers; and, prior to July 2007, Phoenix received trade settlement and reconciliation services and daily portfolio reporting from a brokerage firm with which Phoenix transacted business.

As further described in the Firm's investment portfolio's offering documents, PIA will arrange for the clearance and settlement of its trades with firms that are registered as broker-dealers under the Securities Exchange Act of 1934, as amended ("1934 Act"). In selecting brokers to execute such transactions, the Investment Manager need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost. It is not the practice of the Investment Manager to negotiate "execution only" commission rates; thus, the Partnership may be deemed to be paying for other products and services provided by the broker which are included in the commission rate. The Investment Manager, based on its knowledge of the industry, will attempt to have the Partnership's brokerage arrangements be competitive with similarly-situated companies.

In making its selection of brokers, the Investment Manager will take into account the broker's reliability, accuracy of recommendations on particular securities, reputation, financial responsibility, stability, ability to execute trades, nature and frequency of sales coverage, commission rate and responsiveness to the Investment Manager. In addition, in selecting brokers the Investment Manager may consider the value of the following, either provided by the broker, or paid for by the broker (either by cash payments or by commissions) to be provided by others (collectively, "Products and Services"): brokerage (such as clearing, order routing, custodial and settlement services), research and research products and services (described below).

Research may include, among other things, proprietary research from brokers, which may be written, oral or on-line. Research products may include, among other things, computers or terminals, computer databases and quotation equipment, in each case, to access research or which provide research directly and registration fees for attendance to research seminars.

Research services (which may be in written or oral form or on-line) may include, among other things, research concerning market, economic and financial data, statistical information, data on pricing and availability of securities, financial publications, electronic market quotations, performance measurement data and services, analyses concerning specific securities, companies or sectors, market, economic and financial studies and forecasts, on-line pricing and financial

information, access to computerized data regarding clients' accounts, portfolio strategy advice, market, economic and financial data, statistical information, data on pricing and availability of securities, publications (including periodicals, magazines and newspapers), document retrieval services, analyses concerning specific securities, companies, governments or sectors, technical data, recommendations and general reports, and, to the extent related in any way to any of the foregoing: replacement parts.

The Partnership has no fixed internal brokerage allocation procedures designating specific percentages of brokerage commissions to particular firms. The Investment Manager will seek best execution in transactions for the Partnership and will direct brokerage to firms providing Products and Services when they are able to provide best execution. In recognition of the value of Products and Services provided by a broker, the Investment Manager may effect securities transactions which cause the Partnership to pay the broker an amount of commission in excess of the amount of commission another broker would have charged.

To the extent PIA can obtain Products and Services from, or to be paid for by, brokers at a commission rate which is not higher than the rate it customarily pays for brokerage services alone (although PIA may have to allocate more commission business to brokers who also provide Products and Services), the Firm intends to do so.

Although the Firm currently does not do so, it maintains the right to, in exchange for the direction of commission dollars to certain brokers, generate credits which may be used by the Investment Manager to pay for Products and Services provided by, or paid for by, such brokers. **[PIA reserves this right, but does not currently generate commission credits.]** To the extent that such credits are generated or such Products and Services are obtained, the Partnership and the Investment Manager will be receiving a benefit by reason of the direction of commissions. Products and Services may be used by the Investment Manager in servicing some or all of its clients (including the Partnership), and, in some instances, may not necessarily be used by the Partnership even though its commission dollars provided for the Products and Services. The Partnership, therefore, may not, in any particular instance, be the direct or indirect beneficiary of the Products or Services provided.

To the extent that the Investment Manager receives the benefits of the Products and Services above, a potential conflict of interest exists between the Investment Manager's duty to make investment decisions in the interests of the Partners and its desire to receive the potential benefits of these Products and Services.

Aggregation of Orders. Also consistent with and subject to its obligation to seek best execution, the Investment Manager may combine orders on behalf of its clients with orders for other accounts for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, PIA will generally allocate the securities or proceeds arising out of those transactions (and the related transaction expenses) pro rata and on an average price basis among the various participants. While PIA believes combining orders in this way will, over time, be advantageous to all participants, in particular cases the average price could be less advantageous to the Partnership than if the Partnership had been the only account effecting the transaction or had completed its transaction before the other participants.

Each investment advisory account is reviewed on a continuing and ongoing basis by the portfolio management team to assure conformity with client objectives and guidelines. In addition, all accounts are reviewed in light of emerging market trends and market volatility.

Investors in portfolios or accounts managed by Phoenix Investment Adviser ("PIA") receive information on the value of their accounts at least quarterly. In addition, PIA strives to provide summary information on a monthly basis and the portfolio manager and management team are available to the firm's advisory clients and investors on a regular basis to discuss their investment in such portfolios or accounts. For applicable investment funds managed by PIA, investors also receive audited financial statements annually.

Item 14 *Client Referrals and Other Compensation*

Phoenix Investment Adviser utilizes the services of third party marketers to promote its investment products and compensates those marketers by paying them a negotiated portion of the fees PIA earns from such investment products.

Although all client assets are held at a qualified custodian, specific Firm personnel have signing authority over clients' cash and bank accounts in accordance with the individual investment vehicles' governing documents. The Firm contracts with an independent public accountant which audits annually the pooled investment vehicles (funds) managed by Phoenix Investment Adviser and the audited financial statements are distributed to the investors in the pools. The auditor for the Firm's investment vehicles is EisnerAmper, LLP. <http://www.eisneramper.com/>

Item 16 Investment Discretion

As per the terms of the governing offering documents of the firms investment vehicles, PIA has full discretion (unless agreed to otherwise) over all aspects of the portfolios and accounts it manages and the brokers with whom it does business. The governing offering documents applicable to a particular portfolio, account or client are provided to all investors prior to the time a subscription is made and more substantive information can be found therein.

Pursuant to Rule 206(4)-6, the Company has adopted and implemented written policies and procedures for voting client proxies. The policies and procedures are designed to ensure that the Firm votes client securities in the best interests of its clients.

The Company should describe its proxy voting policies and procedures to clients, and furnish a copy of them to each client upon request. The adviser should inform clients how they can obtain information from the adviser on how clients' securities were voted.

The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "proxies") relating to investments in a manner that serves the best interests of the client or fund managed by PIA, taking into account the following factors and other such factors that may be proper under the circumstances:

1. Whether the proposal is a routine proposal or a non-routine proposal;
2. The impact the proposal will have on the value of the security, or on the value of the returns to the client's account or a fund;
3. The costs associated with the proxy;
4. The impact the proposal may have on the liquidity of the investment, or the redemption or withdrawal rights; and
5. The impact the proposal may have on shareholder rights.

Proxies for routine proposals (such as the election of directors, selection of independent public accountants, stock splits and increases in authorized capital stock) are generally voted in favor of management's recommendations.

Circumstances may arise wherein the Firm may have a conflict of interest in voting proxies on behalf of its clients. These circumstances may include but are not limited to instances in which PIA or one or more related persons has or is seeking to have the issuer of the securities being voted become a client of the Firm. All votes shall be cast in the best interests of the Firm's clients, regardless of the effect of any such vote on Phoenix Investment Adviser.

Phoenix Investment Adviser does not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance. There are no financial conditions which should limit or impair the Firm's ability to meet contractual commitments to clients.

Item 19 Requirements for State-Registered Advisers

Phoenix Investment Adviser is not registered with any state securities authorities.

This following information about the Firm's Direct Owners and Executive Officers supplements the above brochure. Please contact Robert Youree at (212) 632-8422 if you have any questions about the contents of the brochure or the supplemental information.

The Firm's Direct Owner is Jeffrey Peskind. The Firm's Executive Officers are Jeffrey L. Peskind, the firm's Founder, Chief Executive and Chief Investment Officer; Michael Donoghue, the firm's President and Managing Director; Andrew Cray, the firm's Director of Research and Managing Director; and Robert Youree, the Firm's Chief Financial Officer.

Jeffrey Peskind

Mr. Peskind founded Phoenix Investment Adviser in May 2003. Prior to forming Phoenix, Mr. Peskind started and managed White Ridge Advisors, LLC, a proprietary pool of capital for Banc of America. At White Ridge, Mr. Peskind managed over \$500mm worth of Distressed and High Yield assets in four separate funds. Prior to forming White Ridge, Mr. Peskind was a co-manager of the distressed trading business at Bank of America and also traded the distressed bond book. In 1987 he joined Morgan Stanley where he was part of a small group which built the high yield and distressed bond trading business at Morgan. He began his career in 1985 at Harvard Management as an equity and high yield bond analyst. Born in 1961, Mr. Peskind received his B.A. in Finance from the University of Illinois and an MBA in Finance, Applied Securities Analysis Program at the University of Wisconsin.

Michael Donoghue

Mr. Donoghue joined Phoenix in April 2006 as President and member of the Investment Committee. Prior to joining Phoenix, Mr. Donoghue worked for 19 years at Morgan Stanley & Co where he was named a Managing Director in 1996. He was Morgan's top producing salesman in their High Yield Bond Business for many years. He managed the High Yield Sales team and coordinated the syndication of financings for over 150 High Yield companies. Subsequently he managed the Distribution business for all Corporate Credit, including High Yield, Distressed Debt, Bank Loan trading, and Investment Grade bonds. Mr. Donoghue served on Morgan's Global Fixed Income Management Committee. Born in 1961, Mr. Donoghue earned a B.A. in Economics from Dartmouth College and an MBA from Harvard Business School.

Andrew Cray

Mr. Cray joined Phoenix in September 2005 as Director of Research. Prior to joining Phoenix Mr. Cray was a Vice President at Imperial Capital, LLC, where he worked as a high yield, distressed debt and equity analyst covering energy, telecom, and special situations. He specialized in analyzing all levels of the capital structure and in analyzing complex restructuring plans. He has also worked as an equity research associate at SG Cowen covering networking and telecom equipment and as a senior analyst at the Aberdeen Group serving as a consultant to telecom providers and their suppliers. Born in 1972, Mr. Cray holds the CFA designation and received his B.S. from the University of Wales.

Robert Youree

Mr. Youree joined Phoenix in March of 2005 as Chief Financial Officer. Prior to joining Phoenix, Mr. Youree co-founded and was President of Silver Leaf Partners, a broker-dealer focused on trade execution, capital introduction, and prime brokerage services. Prior to that, Mr. Youree was Chief Operating Officer of Orbitex Management and Orbitex Hedge Fund Advisors, where he coordinated operations of a \$1 billion mutual fund complex and \$90 million long-short equity hedge fund with a master-feeder structure. He has also previously served as Director of Research for Fairfax Capital Management, and as a trader and equity analyst for Sage Management in Washington, DC. Mr. Youree, born in 1966, holds the CFA designation and received his B.A. in History from the University of Virginia.