

Conduit Capital Partners, LLC

Form ADV Part 2A

488 Madison Avenue, 22nd Floor
New York, NY 10022
Telephone: (212) 485-8900

Email: info@conduitcap.com
www.conduitcap.com

February 14, 2012

This brochure provides information about the qualifications and business practices of Conduit Capital Partners, LLC (referred to herein as “Conduit”). If you have any questions about the contents of this brochure, please contact us at (212) 485-8900 or via email at info@conduitcap.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 Conduit is also available on the SEC’s website at www.adviserinfo.sec.gov.

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT CONDUIT OR ANY OF THE PRINCIPALS OR EMPLOYEES OF CONDUIT POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.

Item 2 - Material Changes

This brochure, dated as of February 14, 2012, has been prepared in connection with Conduit's registration with the SEC as an investment adviser. In the future, this Item 2 will set forth a brief summary of any material changes to our disclosure since our last annual update.

Item 3 - Table of Contents

ITEM 4 - ADVISORY BUSINESS	4
ITEM 5 - FEES AND COMPENSATION	4
ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT.....	6
ITEM 7 - TYPES OF CLIENTS	7
ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS.....	7
ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS....	11
ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING.....	12
ITEM 12 - BROKERAGE PRACTICES	13
ITEM 13 - REVIEW OF ACCOUNTS	14
ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION	14
ITEM 15 - CUSTODY.....	15
ITEM 16 - INVESTMENT DISCRETION	15
ITEM 17 - VOTING CLIENT SECURITIES	15
ITEM 18 - FINANCIAL INFORMATION	16

Item 4 - Advisory Business

Conduit Capital Partners, LLC (“Conduit”) is a private equity firm formed in 2003. The principal owners of Conduit are J. Scott Swensen and George Osorio.

Conduit specializes primarily in investments in independent power projects, natural gas pipelines and other energy-related infrastructure projects in Latin America and the Caribbean. Conduit often seeks to acquire managerial control of the projects in which it invests.

Conduit provides the services described above to private investment funds (collectively, the “Conduit Funds”). Generally, a related person of Conduit acts as the general partner of each Conduit Fund, and Conduit serves as investment adviser to each Conduit Fund. References to Conduit in this brochure include, as the context requires, affiliates through which Conduit provides investment advisory services or that act in any capacity referenced in the previous sentence.

Conduit tailors its advisory services to the specific investment objectives and restrictions of each Conduit Fund set forth in such Conduit Fund’s limited partnership agreement, confidential private placement memorandum, investment management agreement and/or other governing documents (collectively, the “Governing Documents”). Investors and prospective investors of each Conduit Fund should refer to the Governing Documents of the applicable Conduit Fund for complete information on the investment objectives and investment restrictions with respect to such Conduit Fund. There is no assurance that any of the Conduit Funds’ investment objectives will be achieved.

In accordance with common industry practice, one or more of the Conduit Funds and/or their general partners may enter into “side letters” or similar agreements with certain investors pursuant to which the general partner grants the investor specific rights, benefits, or privileges that are not made available to investors generally.

Conduit does not participate in any wrap fee programs.

Conduit manages all assets on a discretionary basis in accordance with the terms and conditions of each Conduit Fund’s Governing Documents. As of December 31, 2011, the amount of assets Conduit manages on a discretionary basis is \$294,177,759.

Item 5 - Fees and Compensation

Compensation and Fee Schedules

All investors and prospective investors should review the Governing Documents of each Conduit Fund for complete information on the fees and compensation payable in connection with a particular Conduit Fund. Different Conduit Funds may be subject to different management fees and performance-based compensation arrangements. In limited circumstances, the advisory fees payable to Conduit by individual investors in the

Conduit Funds may be negotiable. Investors and prospective investors in each Conduit Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees. All clients are “qualified purchasers” as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the “Company Act”), and therefore Conduit has not included specific fee information in response to this Item.

Deduction of Fees; Timing of Payments; Termination

As a general matter, Conduit will charge and deduct advisory fees directly from the Conduit Funds pursuant to the terms of the Governing Documents.

Payment of advisory fees is generally made quarterly in advance and in accordance with the terms of the Governing Documents. Please refer to the Governing Documents of each of the Conduit Funds for complete information on the timing of advisory fee payments.

Upon termination of any investment management agreement, any prepaid, unearned fees will be promptly refunded (determined on a pro rata basis based on the number of days elapsed in the applicable payment period), and any earned, unpaid fees will be due and payable.

Other Fees and Expenses

In addition to the fees payable to Conduit and its affiliated entities, the Conduit Funds (and therefore, indirectly, the limited partners of such Conduit Funds) may incur certain charges imposed by third parties and other expenses as set forth in the Governing Documents attributable to each Conduit Fund. Such expenses may include: offering expenses; expenses associated with meetings of the limited partners or the advisory board of a Conduit Fund; administration expenses; fees and expenses of legal counsel, third-party engineers, financial advisers, or consultants; taxes assessed against the Conduit Fund; all costs and expenses incurred in connection with the purchase, sale and holding of investments (including insurance expenses, consulting expenses, broken deal expenses, and travel, legal, accounting and auditing fees); litigation expenses and any extraordinary expenses or liabilities incurred in connection with any investments; expenses incurred in the preparation of financial statements and other reports, recording fees and expenses, auditing and outside accounting expenses and tax preparation expenses of the Conduit Fund; and all other expenses authorized by the Governing Documents of the Conduit Fund. The types of other fees and expenses incurred may vary among Conduit Funds. All investors and prospective investors should review the Governing Documents of the applicable Conduit Fund for complete information on the charges and expenses payable with respect to a particular Conduit Fund.

Transaction-Based Compensation

Conduit does not receive any compensation as broker or agent for the sale of securities or other investment products to any Conduit Fund. Please refer to the subsection titled

“*Economic Benefits Received from Third Parties*” below for information on other types of compensation that Conduit may receive with respect to investments by the Conduit Funds.

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

Performance-Based Fees

A related entity of Conduit, as general partner of each Conduit Fund, will typically receive certain allocations calculated and charged based on a share of capital gains on or net income from the assets of such Conduit Fund. Such performance-based allocation arrangements comply with Rule 205-3 under the Investment Advisers Act of 1940 (together with all rules and regulations promulgated thereunder, the “Advisers Act”) to the extent required thereunder. Any share of profits allocated or distributed to a general partner or affiliate of a Conduit Fund is separate and distinct from the advisory fees charged by Conduit to such Conduit Fund for advisory services.

Arrangements regarding performance-based allocations received by related persons of Conduit may create an incentive for Conduit to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement.

Side-by-Side Management

Conduit Funds may be subject to different performance-based compensation arrangements. If Conduit or an affiliate is entitled to receive a higher percentage of the net profits of the account of one Conduit Fund than the percentage that Conduit or an affiliate receives from another Conduit Fund, then Conduit may have an incentive to favor, or to allocate certain riskier or more speculative investments to, the Conduit Fund that is subject to the higher percentage.

Conduit will allocate all investment opportunities among its clients in a manner that it considers fair and equitable to all clients, considering all factors potentially applicable to each client. Among the factors that may be considered by Conduit in allocating trades among client accounts are: (i) the investment objectives, strategies, guidelines and restrictions of each Conduit Fund, (ii) the relevant allocation of investment opportunity provisions in a Conduit Fund’s Governing Documents, (iii) differences with respect to available capital (e.g., current or anticipated capital available for investment, including anticipated follow-on investments, if applicable), size, and remaining life of the Conduit Fund; (iv) potential conflicts of interest, including whether a Conduit Fund has an existing investment in the opportunity in question; (v) the nature of the investment opportunity, including the size, minimum investment amounts and source of the opportunity; (vi) current and anticipated market conditions; (vii) portfolio diversification; and (viii) tax, legal or regulatory considerations.

Please refer to the Governing Documents of each Conduit Fund for complete information on the specific “performance-based fee” arrangements of each Conduit Fund.

Item 7 - Types of Clients

Types of Clients and Investment Vehicles

Conduit provides advice to the Conduit Funds, each of which is a pooled investment vehicle. The limited partners of the Conduit Funds may include high net worth individuals, corporations, funds of funds, financial institutions, endowments, foundations, trusts, estates, sovereign wealth funds, and public and private pension and profit sharing plans.

Conduit and/or its affiliates may establish certain alternative investment vehicles, parallel funds and/or special purpose vehicles (collectively, “AIVs”) for the purpose of addressing tax, regulatory and/or structural issues, and/or facilitating certain investments by one or more Conduit Funds and/or investors. Prospective investors are requested to refer to the Governing Documents of the applicable Conduit Fund for complete details on any AIV that may be established by such Conduit Fund and such Conduit Fund’s ability to make investments through AIVs.

Minimum Investment Requirements

The Conduit Funds are generally offered only to “qualified purchasers” as defined in Section 2(a)(51) of the Company Act, and are therefore not required to register as investment companies under the Company Act in reliance upon certain available exemptions.

In general, the minimum investment commitment required of a limited partner to participate in a Conduit Fund is \$5,000,000, subject to the discretion of the general partner of each Conduit Fund to accept a lesser amount. Investors are requested to refer to the Governing Documents of each Conduit Fund for complete information on minimum investment requirements for participation in a particular Conduit Fund.

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

Investment Strategy

As discussed in Item 4 above, Conduit’s investment advisory business is principally focused on investments in independent power projects, natural gas pipelines and other energy related infrastructure projects in Latin America and the Caribbean. Conduit primarily makes investment in such projects where Conduit will acquire managerial control of the project.

Methods of Analysis

Conduit analyses potential investments in both greenfield power projects and potential acquisitions of operating companies using a comprehensive due diligence procedure. Conduit conducts a thorough analysis of each transaction by reviewing, among other factors: the long-term stability of a project’s cash flows; currency risk; political risk; the

use of non-recourse debt as part of the transaction structure; compliance with World Bank Environmental Guidelines; and other tax and risk mitigation structures proposed for the transaction. Because of the nature of the assets in which Conduit invests, the terms of each investment will be heavily negotiated and may involve a broad range of investment considerations.

Material Risks and Risk of Loss

The task of identifying investment opportunities and managing such investments is difficult. There can be no assurance that Conduit will be able to identify, make and/or realize any particular investment, or that any Conduit client will be able to generate positive returns. Investing in the Conduit Funds involves a risk of loss that investors should be prepared to bear. Investors in the Conduit Funds are requested to refer to the Governing Documents of the applicable Conduit Fund for complete information on investment strategies employed by such Conduit Fund and the corresponding risks associated with such investment strategies. Investors in the Conduit Funds should carefully consider, among other factors, the following material risks involved with Conduit's investment strategies:

Lack of Liquidity. The investments made by Conduit will typically not be liquidated for a number of years after the initial investment. Factors such as overall economic conditions, the competitive environment and the availability of potential acquirers may shorten or lengthen the holding period of any investment. The limited market for investments may cause the value of those investments to be volatile or difficult to monetize.

Exchange Rates. Conduit endeavors to mitigate currency risk in most of the projects in which it invests. However, currency devaluations may be a risk for certain investments made by Conduit because the revenues of certain portfolio companies may be derived from local currencies and, for political and economic reasons, prices of electricity cannot always be easily raised in response to currency devaluations. To mitigate this risk, such projects use local currency denominated debt. Further, the revenue contracts for such projects usually include adjustments for local inflation. In the event of a large devaluation of local currencies, the financial condition or results of operations of the companies in the region and their ability to meet their foreign currency-denominated obligations could be adversely affected, which in turn could have an adverse effect upon the value of investments made by Conduit.

Local Political and Economic Factors. Conduit invests in Latin America and the Caribbean and will therefore be subject to the direct and indirect consequences of political, economic, social and other uncertainties, including the risks of war, expropriation, nationalization, renegotiation or nullification of existing contracts, changes in taxation policies, currency exchange restrictions, currency devaluation, changing political conditions and international monetary fluctuations. The national accounting, auditing and financial reporting standards and practices of countries in the Latin American and Caribbean region may not be equivalent to those employed in the U.S. and

may differ in fundamental areas, such as accounting for inflation. Applicable laws concerning contract interpretation and enforcement, investor protection and dispute resolution mechanisms may not be fully developed, and Conduit may have limited legal recourse in the event of a dispute and remedies may have to be pursued in the courts of the country in question where applicable laws may be less predictable than U.S. laws. These uncertainties in one or more countries could adversely affect Conduit's investments. A number of countries in Latin America and the Caribbean have faced recurring social and political instability and have experienced high rates of inflation or have extensive internal and external national debt. Among other effects, high inflation and internal debt service requirements may adversely affect the cost and availability of future domestic sovereign borrowing to finance governmental programs and may have other adverse social, political and economic consequences. Political changes or a deterioration of a country's domestic economy or balance of trade may indirectly affect investments made by Conduit. The governments of certain Latin American and Caribbean countries have exercised and continue to exercise a significant influence over many aspects of their respective economies. Accordingly, future government actions by those countries concerning the economy or the operation and regulation of nationally important facilities such as power generation plants could have a significant effect on investments made by Conduit.

Leverage. Investments made by Conduit may employ considerable leverage, which may be at floating interest rates. A leveraged capital structure will potentially increase the exposure of any such investment to any deterioration in the investment's condition or industry, competitive pressures, an adverse economic environment or rising interest rates. If an investment cannot generate adequate cash flow to meet its debt service obligations, such investment may suffer a partial or total loss of its capital.

Regulatory Matters. Companies in the electric power sector in which Conduit invests may be subject to host country statutory and regulatory standards and required approvals relating to energy, labor and environmental laws. Certain permits and regulatory approvals may be required for some investments. Failure by companies in which Conduit has invested to obtain such permits and regulatory approvals could adversely affect investments made by Conduit. The adoption of new laws, policies or regulations, or changes in the interpretation or application of existing laws, policies and regulations that modify the present regulatory environment could also have an adverse effect on investments. Under the laws of certain Latin American and Caribbean countries, companies in which Conduit invests may be required to comply with a number of statutes and regulations during the operation of any power project pertaining to environmental controls or restrictions, and the storage, handling, transportation and disposal of hazardous and toxic material, waste or other substances associated with such power project. Compliance with these requirements may be costly and may affect the ongoing power-generating capacity of a power project. Failure by a company in which Conduit has invested to comply with those statutes or regulations could have adverse effects, which could prevent operation of the project, require expenditures of significant funds to bring the project into compliance, involve imposition of cleanup liens and fines, and give

rise to civil or criminal liability, all of which could have negative consequences for an investment.

Tax Treatment. Under the tax laws of certain Latin American and Caribbean countries, investors in a Conduit Fund could be subject to taxation on a net income basis in respect of income from those countries if such Conduit Fund is considered to be engaged in a trade or business in those countries or is considered to have a branch or permanent establishment in those countries. The General Partner will normally attempt to structure its investments to prevent the Conduit Funds from being engaged in a trade or business, or having a branch or permanent establishment, in any Latin American country, but no assurance can be made in this regard.

Even if a Conduit Fund is not considered to be engaged in a trade or business or have a branch or permanent establishment in a particular Latin American country, distributions from portfolio companies resident in that country to such Conduit Fund may be subject to tax by that country. Latin American and Caribbean countries may also impose tax on gains realized by a Conduit Fund on sales or other dispositions of its investments. In addition, sales or other dispositions of investments may be subject to stock exchange, stamp, transfer, remittance, gross proceeds or other transaction taxes in those countries. Furthermore, certain countries in Latin America and the Caribbean may impose value added or sales taxes on fees for professional services rendered by Conduit to a Conduit Fund to the extent that those fees are deemed to arise in those countries.

Portfolio Concentration. Investments may not be diversified, and the portfolio of a Conduit Fund may include a relatively small number of large positions. If Conduit's investments are concentrated in a few issuers, industries or countries, any adverse change in one or more of such issuers, industries or countries could have a material adverse effect on such investments.

Non-Controlling Investments. The Conduit Funds may make minority equity investments in portfolio companies where it may have limited influence. Such a portfolio company may have economic or business interests or goals that are inconsistent with those of Conduit, and Conduit may not be in a position to otherwise protect the value of its investment in the company, although as a condition of making such investments it is expected that appropriate shareholder rights generally will be sought to protect Conduit's investments.

Follow-On Investments. A Conduit Fund may be called upon to provide follow-on funding for its portfolio companies or have the opportunity to increase its investment in portfolio companies. There can be no assurance that a Conduit Fund will be able to make or arrange for follow-on investments or that such Conduit Fund will have sufficient funds to do so. Any decision not to make follow-on investments or the inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish the Conduit Fund's proportionate ownership in such portfolio company and thus its ability to profit from such investment or influence the portfolio company's future development. The inability to make follow-on investments

may also impede, diminish or reduce the number of attractive investments made available to the Conduit Funds.

Item 9 - Disciplinary Information

Conduit and its principals have not been the subject of any material legal proceeding required to be disclosed in response to this item.

Item 10 - Other Financial Industry Activities and Affiliations

Registered Broker-Dealers

Neither Conduit nor any of its management persons is registered as a broker-dealer or a registered representative of a broker-dealer. In addition, Conduit and its management persons are not affiliated with any broker-dealer.

Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors

Neither Conduit nor any of its management persons is registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

Relationships with Related Persons

As discussed in the subsection titled “*Participation or Interest in Client Transactions and Personal Trading*,” Conduit and its related persons are, directly or indirectly, the general partners, limited partners and/or managing members of the general partner of each of the Conduit Funds. Conduit and its related persons may manage multiple Conduit Funds, which can create conflicts in the allocation of time, resources and investment opportunities among such Conduit Funds. Please refer to the Governing Documents of the relevant Conduit Fund for complete information on the requisite time commitments (if any) of Conduit and its related persons to the Conduit Funds and the allocation of investment opportunities among the Conduit Funds. Please also refer to the description of Conduit’s investment allocation policy described in the subsection “*Side-by-Side Management*” above.

Employees of Conduit and its affiliates may serve as officers, advisors, directors or in comparable management functions for portfolio companies in which the Conduit Funds invest, or provide other services to portfolio companies, and may receive compensation in connection therewith (which compensation is treated as described under “*Economic Benefits Received from Third Parties*” below). Employees of Conduit may also from time to time serve on the board of directors of a portfolio company, or be given access for other reasons to confidential information relating to companies in which the Conduit Funds invest. As a result, the Conduit Funds may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or securities of such a portfolio company, which prohibition may have an adverse effect on the Conduit Funds.

Selection or Recommendation of Other Advisers

Conduit does not recommend or select other investment advisers for its clients and does not receive compensation from such advisers in a manner that would create a material conflict of interest. Conduit does not have other business relationships with other advisers that create a material conflict of interest.

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

Code of Ethics

Conduit has adopted a Code of Ethics under Rule 204A-1 of the Advisers Act expressing Conduit's commitment to ethical conduct. Conduit's Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth, among other things, Conduit's (i) policies on receipt of gifts by employees and campaign contributions and (ii) practice of monitoring the personal securities transactions of supervised persons with access to client investment recommendations. Under Conduit's Code of Ethics, all supervised persons have a duty to act only in the best interests of the Conduit Funds and potential conflicts and violations of the Code of Ethics must be promptly reported to Conduit's Chief Compliance Officer ("CCO"). All supervised persons must acknowledge the terms of the Code of Ethics annually, or as amended.

The Code of Ethics contains policies and procedures with respect to personal securities transactions by employees and related accounts that are designed to prevent front-running, scalping, the misuse of inside information and other improper activities. Employees must report all personal transactions to the CCO (or a designee) on at least a quarterly basis. The CCO (or a designee) monitors all transactions by employees in order to identify any pattern of conduct that may evidence conflicts or potential conflicts with the principles and objectives of the Code of Ethics, or other inappropriate behavior.

Conduit will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions; Personal Trading

As general partners, limited partners and/or managing members of the general partners of each of the Conduit Funds, Conduit and its related persons have indirect beneficial interests in the securities owned by the Conduit Funds and will share in any profits and losses generated by the Conduit Funds' investments. The Code of Ethics contains policies and procedures designed to prevent improper practices with respect to transactions by the Conduit Funds, Conduit and its related persons, and compliance with the Code of Ethics by Conduit and its employees is the primary method employed by Conduit to address the conflicts of interest that arise with respect to these transactions.

Conduit may cause a Conduit Fund to engage in "cross transactions" via the purchase or acquisition of a security from, or the sale or transfer of a security to, another client of

Conduit, provided that the transfer is consistent with Conduit's fiduciary obligations to each Conduit Fund participating in the cross transaction. Conduit has a potentially conflicting division of loyalties and responsibilities regarding both parties to any cross transactions. Where required by applicable law, any such transaction will be approved in advance by the client in accordance with Section 206(3) of the Advisers Act (which, in certain circumstances, may be provided by the relevant Conduit Fund's advisory committee).

Item 12 - Brokerage Practices

Discretionary Brokerage

Conduit invests primarily in private equity investments, and will generally not acquire, sell or distribute public securities. In the event that a Conduit Fund does hold public securities, Conduit will generally have discretionary authority to select the broker or dealer to be used to execute transactions in such securities on behalf of the Conduit Funds and negotiate the commission cost to be paid.

In selecting brokers, Conduit's primary consideration will be to obtain the most favorable net result for the relevant Conduit client under the circumstances, which may not involve the lowest possible commission cost. In selecting broker-dealers to effect securities transactions, Conduit seeks best execution by considering factors including, but not limited to, the price and size of the order, the trading characteristics of the securities involved, the value of research provided by each broker, the broker's execution abilities, commission rates, and financial responsibility and responsiveness. The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers.

Research and Soft Dollar Benefits

Conduit does not engage in soft dollar arrangements with respect to securities transactions for the Conduit Funds.

Any research services and/or other products or services that are provided to Conduit by brokers and dealers may be used for the benefit of all clients of Conduit and do not necessarily benefit solely the client from which commissions paid to any such broker or dealer were generated. The receipt of research and/or other products or services is not directly connected to the recommendation of brokerage services to a Conduit client, but does create a potential conflict of interest of which investors should be aware in assessing Conduit's choice of broker-dealers.

Client Referrals

Subject to Conduit's obligation to seek best execution of all transactions for its clients, Conduit may consider referrals of investors in determining its selection of broker-dealers. Accordingly, Conduit may have an incentive to select or recommend a broker-dealer

based on its interest in receiving investor referrals. Any such determinations will be made in accordance with Conduit's fiduciary obligations to its client and Conduit's compliance policies and procedures.

Trade Aggregation

Although Conduit does not generally trade in public securities, in such circumstances Conduit will, to the extent possible, generally place a combined order for two or more advisory clients engaged in the purchase or sale of the same security if, in its good faith determination, joint execution would be consistent with its duty to seek best execution, consistent with the terms of the participating clients' Governing Documents, and otherwise in the best interests of such clients.

Item 13 - Review of Accounts

Review of Client Accounts

Conduit will continuously monitor portfolio investments on behalf of the Conduit Funds. The Senior Asset Manager generally receives monthly reports from portfolio companies, and communicates on a regular basis with the management of such companies, including periodic site visits. Investments are reviewed in the context of each Conduit Fund's stated investment objectives and guidelines as set forth in the Governing Documents of each Conduit Fund. Each company in which Conduit invests will be subject to regular monitoring, and at least one Conduit employee will usually sit on the board of directors of each portfolio company. Members of the Conduit investment committee meet regularly, generally on a weekly basis, to determine and review overall investment objectives, risk tolerance and other information relevant to the Conduit Funds.

Reports to Clients

The general partner of each Conduit Fund distributes annual audited financial statements of the Conduit Fund. Quarterly reports are also distributed to investors, and generally contain unaudited quarterly reports of the Conduit Fund's income and retained earnings, cash flow statement and balance sheet financial position. Investors in each Conduit Fund also receive written materials prepared in connection with the annual meeting of each Conduit Fund's limited partners, and generally receive monthly capital account statements.

Investors are requested to refer to the Governing Documents of each Conduit Fund for further information on the reports provided by a particular Conduit Fund to its investors.

Item 14 - Client Referrals and Other Compensation

Economic Benefits Received from Third Parties

As is discussed in "*Fees and Compensation*" and "*Relationship with Related Persons*" above, Conduit and its affiliates, members or employees may from time to time receive compensation with respect to a Conduit Fund's portfolio investments in the form of

directors' fees, consulting fees, commitment fees, monitoring fees, break-up fees, topping fees, success fees and other remuneration (including any options, warrants or other equity securities). In the event that any such remuneration is received, Conduit either (a) contributes the amount of such remuneration to the Conduit Funds holding the portfolio investment that generated such remuneration, or (b) reduces the advisory fee for a Conduit Fund by 100% of such Conduit Fund's allocable share of any such remuneration received.

Third Party Compensation for Client Referrals

Conduit and related entities of Conduit may enter into cash compensation arrangements with unaffiliated placement agents or other third parties for introducing investors to a Conduit Fund. Any sales charge associated therewith will ultimately be payable by Conduit and/or its related entities, either directly or through an offset of the advisory fee payable by the relevant Conduit Fund to Conduit. An investor will not be charged any additional amount or bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party. Moreover, as described above, Conduit may consider referrals of investors to the Conduit Funds in determining its selection of third party service providers.

Item 15 - Custody

Conduit will not have physical possession of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Nevertheless, Conduit will generally be deemed to have custody of the assets of the Conduit Funds as a result of its position as an affiliate of the general partner of each Conduit Fund.

It is Conduit's policy to cause each Conduit Fund with assets over which Conduit is deemed to have "custody" to be audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such Conduit Fund, Conduit will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Conduit Fund to all investors promptly after completion of the audit.

Item 16 - Investment Discretion

Subject to the investment objectives, policies and restrictions of each Conduit Fund as set forth in the Governing Documents of such Conduit Fund, Conduit has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Conduit Fund. Conduit generally enters into a written management agreement with each Conduit Fund granting such authority.

Item 17 - Voting Client Securities

Conduit has adopted policies and procedures regarding the voting of proxies as required under Rule 206(4)-6 under the Advisers Act. These policies and procedures are designed

to ensure that proxies received with respect to securities in client accounts for which Conduit exercises voting discretion are voted in the best interests of such clients and that Conduit maintains records of its proxy voting in compliance with the Advisers Act.

Unless otherwise instructed by a client, Conduit will vote client proxies consistent with guidelines that Conduit has adopted and that Conduit believes reflect the best interests of its clients, after taking into consideration all relevant facts and circumstances at the time of the vote.

Conduit will provide to any client or prospective client at no cost a copy of its voting policies and procedures and information regarding how such client's proxies have been voted in the past.

Item 18 - Financial Information

Conduit has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.