

PART 2A OF FORM ADV
FIRM BROCHURE



Clearwater Capital Partners, LLC
485 Madison Avenue, 18th Floor
New York, New York 10022
Tel: (212) 201-8544 • Fax: 212-400-4220
<http://www.clearwatercp.com/>

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This brochure provides information about the qualifications and business practices of Clearwater Capital Partners, LLC (“Clearwater”). If you have any questions about the contents of this brochure, please contact us at (212) 201-8544 or by email at information@clearwatercp.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

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

Clearwater is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). SEC registration does not imply a certain level of skill or training.

ITEM 2 – MATERIAL CHANGES

If you are amending your *brochure* for your annual update and it contains material changes from your last annual update, identify and discuss those changes on the cover page of the *brochure* or on the page immediately following the cover page, or as a separate document accompanying the *brochure*. You must state clearly that you are discussing only material changes since the last annual update of your *brochure*, and you must provide the date of the last annual update of your *brochure*.

This is the second version of our firm brochure (the “Brochure”). The only change from the first version of the Brochure, dated February 14, 2012, has been the removal of references to Cameron Hillyer, due to his departure from the firm on June 29, 2012.

In the future, when we amend the Brochure for our annual update, and the amended version contains material changes from the last annual update, we will identify and discuss those changes either on this page or as a separate document accompanying the Brochure. For documentation purposes, we will always provide the date of the last annual update of the Brochure.

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ITEM 4 – ADVISORY BUSINESS

Item 4.A	<p>Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).</p> <p>Clearwater Capital Partners, LLC, a Delaware limited liability company, together with its affiliates Clearwater Capital Partners, L.P., a Cayman Islands exempted limited partnership, and Clearwater Capital Partners Singapore Pte Ltd., a Singapore corporation (collectively, “Clearwater”), is an investment firm that was founded in December 2001 to invest in special situations and distressed or otherwise undervalued assets and securities located in Asia, excluding Japan (the “Asia Region”). Clearwater has more than 75 employees, including over 30 investment professionals, in six major offices located in New York, Beijing, Hong Kong, Mumbai, Seoul and Singapore. Clearwater currently provides discretionary investment advisory services, including, but not limited to, managing and directing the investment and reinvestment of assets for the following private equity investment vehicles:</p> <ul style="list-style-type: none"> ○ Clearwater Capital Partners Fund I, L.P., a Cayman Islands exempted limited partnership (“Fund I”); ○ Clearwater Capital Partners Fund II Holdings, L.P. a Cayman Islands exempted limited partnership, and its feeder fund, Clearwater Capital Partners Fund II (Cayman)Ltd., a Cayman Islands company limited by shares (“Fund II”); ○ Clearwater Capital Partners Fund III, L.P. and its feeder funds, Clearwater Fund III Feeder Fund, L.P. and Clearwater Fund III Feeder Fund No. 2, L.P., each a Cayman Islands exempted limited partnership (collectively, “Fund III”); ○ Clearwater Capital Partners Fund III (Annex), L.P., a Cayman Islands exempted limited partnership (“Fund III Annex”); and ○ Clearwater Capital Partners Fund IV, L.P. and its feeder fund, Clearwater Fund IV Feeder Fund, L.P., each a Cayman Islands exempted limited partnership (together, “Fund IV”). <p>Each of Fund I, Fund II, Fund III, Fund III Annex and Fund IV may be referred to individually in this Brochure as a “Private Equity Fund” and together as the “Private Equity Funds.” In addition, Clearwater or its affiliates may manage one or more co-investment funds (the “Co-Investment Funds”) which will invest alongside a Private Equity Fund. Such Co-Investment Funds make their respective investments at the same time and at terms no more favorable than those of the respective Private Equity Fund.</p> <p>Clearwater may also act in an investment advisory capacity to certain wholly-owned subsidiaries and trading vehicles of the Funds.</p> <p>The investment periods for Fund I, Fund II, Fund III and Fund III Annex have ended, and the assets of each of these Funds are currently being liquidated by Clearwater until they are fully realized.</p> <p>Additionally, Clearwater also provides discretionary investment advisory services to the following open-ended investment vehicles:</p> <ul style="list-style-type: none"> ○ Clearwater Capital Partners Opportunities Fund, L.P., Cayman
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	<p>Islands exempted limited partnership, and its feeder fund, Clearwater Capital Partners Opportunities Fund (Cayman) Ltd., a Cayman Islands company limited by shares (together, the “Opportunities Fund”); and</p> <ul style="list-style-type: none"> ○ Clearwater Capital Partners Long-Term Value, L.P., a Cayman Islands exempted limited partnership (“LTV Fund”). <p>Each of the Opportunities Fund and the LTV Fund may be referred to individually in this Brochure as a “Hedge Fund” and together as the “Hedge Funds.” The Opportunities Fund is currently being wound down.</p> <p>Each of the Private Equity Funds, the Co-Investment Funds and the Hedge Funds may be referred to individually in this Brochure as a “Fund” and together as the “Funds.” The terms for each Fund are disclosed in detail the relevant Fund’s offering documents that are provided to prospective investors prior to investment.</p> <p>Clearwater acts as the manager or management company for each of the Funds.</p> <p>Clearwater Capital Partners GP, LP, a Cayman Islands limited partnership, is Fund I’s general partner. Clearwater Capital Partners Fund II GP, L.P., a Cayman Islands limited partnership, is Fund II’s general partner. Clearwater Capital Partners Fund III GP, L.P., a Cayman Islands limited partnership, is Fund III’s general partner. Clearwater Capital Partners Fund III (Annex) GP, L.P., a Cayman Islands limited partnership, is Fund III Annex’s general partner. Clearwater Capital Partners Fund IV GP, L.P., a Cayman Islands limited partnership, is Fund IV’s general partner. Clearwater Capital Partners Opportunities Fund GP, L.P., a Cayman Islands exempted limited partnership, is the general partner for each of the Hedge Funds.</p> <p>Although Clearwater Capital Partners, LLC is not registered with any foreign financial regulatory authorities, the following affiliates are registered with foreign financial regulatory authorities:</p> <ul style="list-style-type: none"> ○ Clearwater Capital Partners India Ltd.: Reserve Bank of India ○ Clearwater Capital Partners Hong Kong Ltd.: Securities and Futures Commission of Hong Kong <p>Each of the Funds’ general partners may be referred to individually in this Brochure as a “General Partner” and together as the “General Partners”.</p> <p>Clearwater’s principal owners are its founders Robert Petty and Amit Gupta (the “Principals”). Mr. Petty’s and Mr. Gupta’s respective ownership interests in Clearwater are structured through Clearwater Capital Partners Holding, LLC, a Delaware limited liability company wholly owned and controlled by them.</p>
Item 4.B	<p>Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.</p> <p>Clearwater provides discretionary investment advisory services to the Funds by managing and directing the investment and reinvestment of their assets. As</p>

	further described in Item 8.A below, Clearwater invests in special situation investments and distressed or otherwise undervalued assets and securities located in the Asia Region. Clearwater generally targets distressed issuers that have demonstrated the ability and willingness to repay creditors in addition to companies within niche market segments of the Asia Region. Although Clearwater's investment advice is generally limited to these types of investments, it generally has broad and flexible investment authority.
Item 4.C	<p>Explain whether (and, if so, how) you tailor your advisory services to the individual needs of <i>clients</i>. Explain whether <i>clients</i> may impose restrictions on investing in certain securities or types of securities.</p> <p>Clearwater neither tailors its advisory services to the individual needs of investors nor accepts investor-imposed investment restrictions with respect to the Funds.</p>
Item 4.D	<p>If you participate in <i>wrap fee programs</i> by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.</p> <p>Clearwater does not participate in wrap fee programs.</p>
Item 4.E	<p>If you manage <i>client</i> assets, disclose the amount of <i>client</i> assets you manage on a <i>discretionary basis</i> and the amount of <i>client</i> assets you manage on a <i>non-discretionary basis</i>. Disclose the date "as of" which you calculated the amounts.</p> <p>As of November 30, 2011, Clearwater and its affiliates manage approximately \$1,798,223,344 of Fund assets on a discretionary basis. Clearwater does not manage any Fund assets on a non-discretionary basis.</p>

ITEM 5 – FEES AND COMPENSATION

Item 5.A	<p>Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.</p> <p>The Funds offer interests only to certain qualified investors and admission in the Funds is not open to the general public. Interests are sold only to qualified investors who are “accredited investors” under Rule 501 of Regulation D of the Securities Act of 1933, as amended, and “qualified purchasers” as such term is defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended. Each Fund’s offering documents contain a detailed description of the applicable Fund’s fee schedule.</p>
Item 5.B	<p>Describe whether you deduct fees from <i>clients’</i> assets or bill <i>clients</i> for fees incurred. If <i>clients</i> may select either method, disclose this fact. Explain how often you bill <i>clients</i> or deduct your fees.</p> <p>In general, Clearwater receives a management fee based on a fixed percentage of each Private Equity Fund investor’s committed capital and each Hedge Fund investor’s capital account balance (the “Management Fee”). The Management Fee is generally deducted quarterly in advance. In consideration for the Management Fee, Clearwater will provide to the Funds office space and utilities, telephone, news, quotation and computer equipment and services, administrative services and secretarial, clerical and other personnel.</p> <p>In addition, the General Partners may receive a carried interest distribution with respect to the Private Equity Funds (the “Carried Interest Distribution”), based on, among other factors, paid-in capital contributions, proceeds received by the Private Equity Funds and the preferred return. The Carried Interest Distribution is generally deducted from each Private Equity Fund’s assets upon the liquidation of the Private Equity Fund and at such other times as determined by its General Partner. The General Partners may also receive a performance allocation with respect to the Hedge Funds (the “Performance Allocation”), based on, among other factors, each Hedge Fund’s net income and net loss and any applicable “high-water mark.” The Performance Allocation is generally deducted at the end of each Hedge Fund’s fiscal year.</p> <p>It is critical that investors refer to the relevant Fund’s offering documents for a complete understanding of how Clearwater is compensated for its advisory services. The information contained in this Item 5 is a summary only and is qualified in its entirety by the relevant Fund’s offering documents.</p>
Item 5.C	<p>Describe any other types of fees or expenses <i>clients</i> may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that <i>clients</i> will incur brokerage and other transaction costs, and direct <i>clients</i> to the section(s) of your <i>brochure</i> that discuss brokerage.</p> <p>Each Fund will generally bear all of its costs and expenses other than those listed in Item 5.B above, such as investment and trading expenses (e.g., brokerage commissions, interest expense, consultant expenses and expenses in connection with proposed transactions, including transactions that fail to close); investment-related travel expenses; legal expenses (including those relating to protection of a Fund’s investments); taxes and fees; indemnification costs; insurance costs; accounting, audit and tax preparation expenses; banking fees; expenses relating to</p>

	<p>the offer and sale of interests; expenses of the administrator (if any), expenses of communicating with investors which includes certain technology and implementation costs that facilitate the reporting requirements of such investors; liquidation costs; extraordinary items; and expenses relating to the organization of the Fund and its General Partner (including expenses of counsel to the Fund, Clearwater and its General Partner). Generally, costs and expenses common to multiple Funds or accounts managed by Clearwater or any of its affiliates will be paid pro rata by such accounts based on the net asset value of the Funds or in the case of investment-related expenses, pro rata based on the amounts invested by each Fund.</p>
Item 5.D	<p>If your <i>clients</i> either may or must pay your fees in advance, disclose this fact. Explain how a <i>client</i> may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.</p> <p>As described in Item 5.B above, Investors in the Funds generally pay Management Fees in advance. In the event of a mid-quarter withdrawal, Clearwater or its affiliates would generally refund the Management Fee for that quarter pro rata.</p>
Item 5.E	<p>If you or any of your <i>supervised persons</i> accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.</p> <p>Not applicable</p>
Item 5.E.1	<p>Explain that this practice presents a conflict of interest and gives you or your <i>supervised persons</i> an incentive to recommend investment products based on the compensation received, rather than on a <i>client's</i> needs. Describe generally how you address conflicts that arise, including your procedures for disclosing the conflicts to <i>clients</i>. If you primarily recommend mutual funds, disclose whether you will recommend “no-load” funds.</p> <p>Not applicable</p>
Item 5.E.2	<p>Explain that <i>clients</i> have the option to purchase investment products that you recommend through other brokers or agents that are not affiliated with you.</p> <p>Not applicable</p>
Item 5.E.3	<p>If more than 50% of your revenue from advisory <i>clients</i> results from commissions and other compensation for the sale of investment products you recommend to your <i>clients</i>, including asset-based distribution fees from the sale of mutual funds, disclose that commissions provide your primary or, if applicable, your exclusive compensation.</p> <p>Not applicable</p>
Item 5.E.4	<p>If you charge advisory fees in addition to commissions or markups, disclose whether you reduce your advisory fees to offset the commissions or markups.</p> <p>Not applicable</p>

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

If you or any of your *supervised persons* accepts *performance-based fees* – that is, fees based on a share of capital gains on or capital appreciation of the assets of a *client* (such as a *client* that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your *supervised persons* manage both accounts that are charged a *performance-based fee* and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your *supervised persons* face by managing these accounts at the same time, including that you or your *supervised persons* have an incentive to favor accounts for which you or your *supervised persons* receive a *performance-based fee*, and describe generally how you address these conflicts.

As described in Item 5.B above, the General Partners may receive a Carried Interest Distribution or Performance Allocation, as applicable, which is performance-based.

It should be noted that the possibility that Clearwater could receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for Clearwater to effectuate larger and more risky transactions than would be the case in the absence of such form of compensation. Clearwater presently provides investment advisory services to the Funds, which provide Clearwater with varying levels of compensation due to varying compensation structures. As such, there is a potential conflict of interest related to managing accounts that provide Clearwater with higher performance-based compensation alongside accounts that may provide lower performance-based compensation. In order to address this potential conflict, Clearwater will generally make allocation decisions based upon the best interests of all Funds on a fair and equitable basis consistent with Clearwater's fiduciary obligations. Additionally, generally each Fund will establish an advisory committee (consisting of at least three members not affiliated with Clearwater selected from among that Fund's investors or their representatives). The advisory committee will meet as required (at least annually) to consult with Clearwater on matters brought before the committee by Clearwater, such as allocation decisions, potential conflicts of interest and methods of valuation.

ITEM 7 – TYPES OF CLIENTS

Describe the types of *clients* to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.

Clearwater provides investment advisory services to the Private Equity Funds and the Hedge Funds. The minimum capital commitments or capital contributions for investors in the Private Equity Funds and the Hedge Funds are as follows:

- Fund I: The minimum commitment was \$100,000 , although Fund I's General Partner reserved the right to accept commitments of lesser amounts.
- Fund II: The minimum commitment was \$5 million, although Fund II's General Partner reserved the right to accept commitments of lesser amounts.
- Fund III: The minimum commitment was \$5 million, although Fund III's General Partner reserved the right to accept commitments of lesser amounts.
- Fund III Annex: The minimum commitment was \$5 million, although Fund III Annex's General Partner reserved the right to accept commitments of lesser amounts.
- Fund IV: The minimum commitment is \$10 million, although Fund IV's General Partner reserves the right to accept commitments of lesser amounts.
- Opportunities Fund: The minimum initial contribution is \$1 million, although the Opportunities Fund's General Partner reserves the right to accept initial contributions of lesser amounts.
- LTV Fund: The minimum initial contribution is \$1 million, although the LTV Fund's General Partner reserves the right to accept initial contributions of lesser amounts.

In addition, Clearwater or its affiliates may manage one or more Co-Investment Funds, which will invest alongside a Private Equity Fund. Capital commitments for such Co-Investment Funds will vary.

ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Item 8.A	<p>Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that <i>clients</i> should be prepared to bear.</p> <p><u>Overview of Investment Strategy</u></p> <p>Clearwater seeks to maximize returns for its investors by continuing the same investment strategy that it has employed since its establishment in 2001. Clearwater provides investors with access to a full spectrum of special-situation investments in public and private debt and/or equity of local, Asia-region issuers. Clearwater expects to target investments in the following areas within the Asia Region’s debt markets: (i) stressed companies, (ii) distressed companies, and (iii) opportunities in pools and portfolios.</p> <p><i>Stressed Companies</i></p> <p>The global economic contraction, turmoil in the global financial markets and the withdrawal of banks and other financial institutions from the Asia Region have all contributed to significant price declines of financial assets in Asia. Even some well-performing companies have been affected by these price declines, and there are compelling opportunities for investors to seek out undervalued securities in the secondary debt market. Through its investment experience in the Asia Region, Clearwater has identified a number of opportunities in secondary debt of stressed companies.</p> <ul style="list-style-type: none"> • Secondary debt. Clearwater expects secondary debt of stressed companies to be a significant focus for the Funds, comprising local currency and offshore instruments of individual companies that range from distressed domestic loans, leveraged loans close to covenant levels, syndicated loans and convertible bonds to offshore U.S. dollar denominated bonds. With its focus on cash driven realizations, Clearwater favors senior capital structure instruments that have high current yields and amortizing instruments that pay both principal and interest. The firm undertakes a rigorous credit oriented analysis to understand the underlying business fundamentals of the company. In undertaking these types of investments, Clearwater adopts a “buy and hold” strategy, often holding a credit until maturity, and does not take a short-term view or seek to actively trade these credits. <p>Clearwater focuses on U.S. dollar returns for its investors but also undertakes local currency denominated investments, which many investors generally overlook in favor of Japanese Yen or U.S. dollar denominated securities. The local currency-denominated secondary debt market offers a greater breadth of opportunities given the obstacles, such as capital controls, involved in obtaining non-local currency denominated debt. Additionally, there are significant regulatory hurdles involved in investing in local currency denominated instruments that create natural barriers to entry to these markets for foreign investors. Clearwater has</p>
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been able to mitigate these barriers by establishing a long term presence in individual local markets and acquiring the required regulatory approvals where necessary. Clearwater expects to selectively reduce foreign currency risk by using hedging instruments including long dated out-of-the-money currency options. The firm may also undertake active management of the foreign currency exposure of the funds it manages in an attempt to mitigate currency risk.

Distressed Companies

Given the expected macroeconomic environment in the Asia Region over the next few years, many opportunities that are stressed are likely to become distressed as companies exhaust their re-financing options, and/or begin to violate covenants associated with their debt securities. Clearwater typically structures investments in distressed companies in two primary ways. First, in cases where Clearwater anticipates a restructuring, the applicable fund typically purchases a target company's debt instrument at low prices in anticipation of a debt for equity swap. Second, Clearwater's funds also participate in direct rescue financings where a company's debt structure is unsupportable at current levels and, unlike a stressed investment where modest adjustments to the company's debt structure are appropriate, Clearwater negotiates directly with the current shareholders. In these rescue financing situations, Clearwater's funds generally enter through a combination of debt and equity injections.

- **Restructurings.** Clearwater seeks restructuring opportunities in companies with sound underlying business fundamentals that have been adversely affected by movements in the commodity markets or foreign exchange or have made balance sheet mistakes such as overleveraging. These company situations generally warrant a balance sheet restructuring – an area of significant expertise of the Clearwater team. Clearwater's funds also undertake operational restructurings of companies that Clearwater believes are fundamentally sound but are experiencing temporary financial stress due to overexpansion, underutilized capacity or strategic and operational failures, which have impaired revenue growth, profitability and liquidity. These companies may already have begun or undergone a formal financial restructuring.

In financial restructurings, Clearwater takes an active hands-on approach, often serving on the creditor committee and leading negotiations between management, creditors and shareholders. Clearwater has extensive experience in restructuring and workouts, having participated in over 120 restructuring situations during the last eight years, 47 of which the firm led or was actively involved. The firm believes its restructuring experience and expertise to be one of its key competitive advantages. Clearwater's reputation in the region as well as its relationships with local partners and intermediaries have helped to shape complex restructurings and influence their long-term outcomes. Restructurings often result in a debt-for-equity swap. The firm is able to structure investments, and has historically caused its funds to invest in both debt and equity positions, a strategy that allows the firm to build for its funds a portfolio of instruments with a consistent current yield and significant upside potential.

	<p>In operational restructurings, Clearwater expects to add value through an active investment role. This includes taking board seats, appointing management, re-evaluating a company's strategy and identifying and increasing operating efficiencies. Where required, the firm often becomes involved in day-to-day operations and assist the company with improving its systems, compliance and operations. Clearwater believes that allowing management to focus on operations, rather than solely on financial priorities, has been crucial to the success of the numerous operational turnarounds in which it has been involved. Similar to balance sheet restructurings, operational turnaround investments typically include an equity component, which aligns the incentives between the applicable Clearwater and the owners/managers of the underlying company.</p> <ul style="list-style-type: none"> • Rescue financings. Rescue financing opportunities typically arise when companies exhaust their financial resources and begin seeking a financial partner rather than simply defaulting on the existing debt to alleviate the payment burden. In such situations, a Clearwater fund may step in, offering a rescue loan, often secured by hard assets, with a high coupon. In return for providing emergency funding, the applicable Clearwater fund receives warrants or a direct equity stake upfront and often a board seat. Having alleviated the immediate financial concerns of the "rescued" company, Clearwater then takes a hands-on approach assisting the company by improving and restructuring operations. Similar to an operational turnaround described above, Clearwater adds value by bringing in the operational expertise of its team and third-party consultants. Warrants or outright equity holdings in the company allow Clearwater to align the interests of its fund with those of the company sponsors/managers and become a true partner rather a financial intermediary. This relationship allows Clearwater to influence a company's operations without taking control. Clearwater's participation in over 15 rescue financings and track record of success have also generated additional investment opportunities as portfolio companies have recommended Clearwater as a partner to other companies in the Asia Region that are in need of a rescue financing. <p><i>Investments in Pools and Portfolios</i></p> <p>Clearwater intends that certain Funds will invest in pools of non-performing loans ("NPLs") as well as portfolios and liquidations, as past Clearwater Private Equity funds have done. These investments have in the past been cash generative, conservative investments of short duration and a high degree of diversification. As such, they have enhanced the diversification of the portfolio as a whole and provided downside protection through cash generation. Among these investments, Clearwater differentiates between pools and portfolios.</p> <ul style="list-style-type: none"> • Pools and liquidations. Pools represent NPLs, typically purchased in bulk at substantially depressed valuations. NPL pools are generally comprised of either commercial and industrial loans or consumer loans. The former are the residual assets purchased from a bank's workout department, while the latter represent pools of credit card receivables and unsecured consumer loans. The commercial/industrial credits that comprise a pool are often purchased as claims on assets of companies that no longer represent a going concern. These claims are typically settled
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	<p>through court shortly after the pool is purchased generating a steady cash yield.</p> <ul style="list-style-type: none"> • Portfolios. Portfolios typically represent individual credits purchased from local banks' workout departments or from distressed sellers in a packaged transaction. These credits generally represent going concern companies and offer upside potential through embedded equity options. <p>In the current economic climate, Clearwater anticipates an increasing number of sellers of portfolios, NPL pools and liquidations. Clearwater believes that hedge funds and proprietary desks are seeking to deleverage, reduce, or remove their balance sheet exposure and that commercial banks are seeking to reduce their Asia exposure to generate liquidity. In addition, compliance with the Basel II Accord has been, and is expected to continue to be, one of the major influential factors in how banks approach their non-performing portfolios. Clearwater has significant experience in sourcing these investments and has built a network of relationships that provides exceptional access to potential transactions. The subsequent analysis and valuation of these pools and portfolios is complex and proprietary, particularly consumer pools, which may comprise thousands of individual loans. Over the years, Clearwater has developed, refined and implemented these techniques and tailored them to country specific conditions based on its extensive knowledge gained from numerous similar purchases.</p> <p><i>Fund Portfolio Construction</i></p> <p>Clearwater has developed important strategic priorities that it believes are key to creating a successful, cash generative and non-correlating portfolio that has the ability to produce superior returns. A critical feature and key driver of the Clearwater funds' strong historical performance has been the reinvestment of cash proceeds from a particular funds' underlying investments, as the ability to reinvest creates the opportunity for the Funds to generate a greater multiple of invested capital for their investors (though such opportunity is, of course accompanied by risk of loss of invested capital).</p> <ul style="list-style-type: none"> • Focus on cash generation. Clearwater hopes to build a highly cash generative portfolio for the Funds by making a significant number of the Funds' investments in amortizing debt, rather than bullet-maturity instruments, and Clearwater favors senior capital structure instruments with high cash pay interest components. These instruments have historically mitigated the "J-curve" effect through a continuing stream of principal and interest payments. This strategy allows the firm to create interim exits rather than rely on the markets for exit opportunities. • Reinvestment of interim cash distributions. The firm has historically generated multiples of contributed capital higher than might otherwise be possible by reinvesting interim distributions from its cash generative portfolios. Fund I and Fund II, which are through or near the end of their respective re-investment periods, have generated a 3.4x multiple of investors' contributed capital, on a combined basis. • Entry prices at discounts to par value. Clearwater intends to continue its focus on investments where the entry price is significantly lower than par value. The firm expects the Funds to invest in credits and companies
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	<p>where it expects these investments to improve over time or, in certain cases, the market to mature, thereby narrowing the discount to par while collecting interest and principal payments on the entire par value. In some cases, Clearwater would expect the Funds to hold these investments through maturity.</p> <ul style="list-style-type: none"> • Upside potential of equity residuals. In connection with its investments in restructurings, Clearwater often causes its funds to take warrants or other equity as part of a transaction. These equity residuals enable the applicable fund to participate in the performance upside once the company emerges from the restructuring. Equity residuals are expected to further enhance the portfolio performance on a multiple basis. • Selective use of leverage. Historically, Clearwater has made use of prudent leverage at the fund level to enhance returns. The firm intends to continue to utilize selective leverage where appropriate, specifically as it concerns pools of mature performing credits that are able to support modest leverage. <p><i>Risk Mitigation</i></p> <p>The firm employs several techniques to mitigate risk in its funds:</p> <ul style="list-style-type: none"> • Diversification by country, industry, currency and deal type. Clearwater believes that portfolio diversification across a wide range of countries, industries, currencies, security types and investment strategies is a critical component of long-term capital appreciation and downside protection and is therefore a key priority for Clearwater. • Opportunities requiring complex or sophisticated settlement capabilities. Clearwater believes that it has a competitive advantage with respect to investments requiring complex or sophisticated settlement capabilities. The firm has established relationships with locally-based banks and has created infrastructure in each country to close loans directly. This provides Clearwater with access to sophisticated settlement capabilities which Clearwater believes are unavailable to many investors and competitors. In addition, Clearwater's experienced and highly knowledgeable operations and legal staff enable the firm to understand and negotiate deal term sheets and closing documents in local language and across jurisdictions. It also gives Clearwater's funds access to local currency receivables that many non-investment bank affiliated funds would not consider because third-party clearing support is required and are strictly reserved for creditors with minimum ratings or banking licenses. • Minimization and active management of foreign exchange exposure. Clearwater manages the Funds' exposure to foreign currency and interest rate risk by selectively adopting a combination of delta and tail hedging strategies to more closely and dynamically match the hedge to the identified risk. By utilizing these hedging methods, Clearwater aims to limit unanticipated potential loss of principal from currency movements while attempting to preserve as much of the benefit of any appreciation in local currencies versus the dollar as possible. Typically, the foreign
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	<p>currency exposure of the Funds has been, and is expected to be, predominately in Korean Won, Indian Rupee and Australian Dollar.</p> <p><u>Overview of Methods of Analysis</u></p> <p>Clearwater's investment process is designed to generate superior returns for its investors through the ability to source and execute transactions in niche market segments of the Asia Region across local currencies, languages and jurisdictions. In particular, Clearwater seeks out investments by conducting a rigorous and disciplined investment process that combines the following characteristics:</p> <ul style="list-style-type: none"> • Proprietary sourcing network • Rigorous credit research and underwriting analysis • Distinct execution capabilities • Measured and methodical accumulation of positions • Post-acquisition monitoring and active asset management • Sound exit strategies <p><i>Sourcing</i></p> <p>Clearwater seeks a steady flow of investment opportunities that it believes are outside the investment parameters or abilities of any market participants in the Asia Region. Throughout their careers, the Principals have developed a strong network of relationships with the major sources of special situations investment opportunities in the Asia Region, including brokers, investment bankers, industry consultants, lawyers, accountants, local and foreign banks and governments. In addition, the firm works with local banks to create solutions for their overall workout portfolios and partners with proprietary desks of investment banks and other local and international investment funds to execute successful restructurings and analyze complex pools. The firm takes both a proactive and opportunistic approach to sourcing.</p> <p><i>Credit Research and Underwriting</i></p> <p>The goal of Clearwater's credit research and underwriting process is to adequately price risk and thereby seek to avoid investments that do not meet the firm's investment criteria. To accomplish this goal, Clearwater employs a disciplined, analytical and proprietary process to evaluate each investment opportunity. Each investment is led by a Principal, country manager or senior analyst and must be approved by the Investment Committee.</p> <ul style="list-style-type: none"> • For each investment, the credit research and underwriting process typically requires the following written materials to support an investment decision: • Fact sheets including information on a company's management, shareholders, business description, capitalization, restructuring status and summary financial information. • Financial analyses that include reviews of a company's capital structure and financial statements, forecasting normalized EBITDA, stress testing for movements in foreign exchange and key drivers of EBITDA.
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	<ul style="list-style-type: none"> • A written analysis of key risks with respect to the proposed investment and mitigating factors regarding such risks. • Downside, base and upside case projections that analyze a potential investment's IRRs and nominal returns at various prices and the duration of the investment across several scenarios and compare the portfolio company to its peers with respect to relative value and credit analysis. <p>Clearwater's research and underwriting process typically goes beyond original desk-based credit research to include site visits, management meetings and third party evaluations. These may include: (i) suppliers and customers, (ii) legal, accounting and technical due diligence, (iii) third- party risk analysts, (iv) independent asset valuations and (v) other incremental on-the-ground evaluations that may be appropriate to give further insight to each specific investment.</p> <p><i>Sector Dedicated Teams</i></p> <p>Clearwater has historically made use of its local presence across geographies to research and evaluate global investment opportunities. The firm has proactively formed teams comprised of analysts and restructuring professionals from across the offices focused on specific sector opportunities or global trends. For example, the firm has created teams focused on the solar power, shipping and natural resources sectors. Clearwater believes that this approach creates a significant competitive advantage, allowing the analysts in one country to build on the experience and expertise of their counterparts in other countries, further increasing the depth of analysis performed on any given investment opportunity. Clearwater believes that there are a limited number of firms in the Asia Region that have this analytical capability.</p> <p><i>Distinct Execution Capabilities</i></p> <p>Once an investment is sourced and clears the research and underwriting stage, Clearwater structures and completes the investment through its execution process. The firm is able to undertake complex settlements in a broad range of jurisdictions and in local languages and currencies. Clearwater's distinct execution capabilities allow the firm to make investments in both debt and equity instruments denominated in local currency and thus provide greater access to a wide range of local transactions. For example, Clearwater believes it is one of a limited number of Asia-focused private equity firms that have the following execution capabilities:</p> <ul style="list-style-type: none"> • In India, Clearwater has a non-banking financial company ("NBFC") license; firms cannot make local currency denominated investments if they do not have an NBFC license. • In Singapore, Clearwater has set up funds approved by the Monetary Authority of Singapore that enable the firm to invest in a tax efficient manner. • In Korea, Clearwater has designed multiple asset-backed security structures that have been approved by the Financial Supervisory Service.
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	<p><i>Accumulation of Positions</i></p> <p>Once an investment opportunity has been identified, analyzed and approved for investment, Clearwater typically seeks for the investing fund to accumulate a position in the targeted financial instrument within the parameters set by the investment committee. In addition, Clearwater may at times arrange for a fund to purchase an information position as means of gathering more information about the company prior to committing to a major investment.</p> <p><i>Post-acquisition Monitoring and Active Asset Management</i></p> <p>The responsibility for monitoring investments is assigned quarterly to an individual analyst based on, (i) value at risk, (ii) status of the restructuring, (iii) collection performance and (iv) overall covenant performance. Each analyst assigned to monitor an investment is responsible for the following:</p> <ul style="list-style-type: none"> • Information tracking, including centralized receipt of data from borrower and distribution to such analyst and the responsible Principal. • Cash flow tracking, including tracking asset-specific cash flows for every investment. • Reviewing collections on a regular basis with operations and senior management. <p>In addition to the analyst assigned to monitor a particular investment, a Principal, country manager or senior analyst is responsible for a particular investment to guide the necessary analysis for evaluating exit opportunities. In particular, the Principal, country manager or senior analyst assigned to an investment will typically conduct the following analysis:</p> <ul style="list-style-type: none"> • Review the expanded capital structure, including a detailed breakdown of creditors at various levels in the capital structure. • Review collateral and security details, estimates of value and enforcement possibilities if needed. • Review exit strategies, including the primary resolution option and estimates of timing. • Review recommendations and propose next steps to the investment committee. <p>Through post-acquisition monitoring, Clearwater seeks to continuously assess the value and upside potential of its investments, make additional purchases or sales when appropriate and exit the investment on a timely basis at what Clearwater hopes will be the highest possible valuation. Active asset management should enable Clearwater to build value in its funds' investments, particularly in companies undergoing a financial or operational restructuring or a liquidation.</p> <p>Additionally, Clearwater has built a dedicated asset management group based primarily in Singapore, with additional members located across Clearwater's offices. The asset management group monitors investments on a daily basis and tracks the scheduled repayments and other cash flows for each individual investment. Additionally, an extensive legal and operations team comprises a part of the asset management group. The operations team actively manages portfolio and individual investment risk through hedging.</p>
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	<p>Given the scale of its operations and the large number of investments held across numerous countries, Clearwater has developed a proprietary cash flow projection system that assists the treasury team in effectively managing the Funds' liquidity and also assists in more effective risk management and hedging through more accurate projection of asset cash flows. The firm's analysts are responsible for updating forecasted cash flows on a monthly basis. This system serves as a centralized tool for analysts to track their asset level cash flows on both an historical and projected basis.</p> <p>Going forward, Clearwater expects to build this system in to a full-scope Asset Management Database where company level financial and other metrics are stored in addition to asset level cash flow information.</p> <p>Clearwater monitors and continually performs asset resolution analysis throughout the holding period of each of its investments. This approach allows Clearwater to evaluate, on a regular basis, exit opportunities and assess performance of the investment's assets relative to the original investment thesis. In many cases, Clearwater actively manages investments that are undergoing a restructuring and liquidations undergoing a workout.</p> <p><i>Exits</i></p> <p>Clearwater intends to use multiple exit strategies to attempt to maximize returns for its funds. Historically, Clearwater has spent a considerable amount of time developing exit strategies for each investment opportunity before executing a transaction. Along with considerations for long-term gains achieved through market sales, an important element of Clearwater's exit strategy involves an analysis of a company's ability to repay the applicable Clearwater Private Equity Fund through operating cash flow. Traditionally, a significant portion of the Private Equity Funds' investments have been exited through interest payments, principal payments, liquidation payments and restructuring payments. Clearwater intends a large percentage of the Funds' investments to be exited in this manner.</p> <p>Clearwater seeks multiple series of exits especially given the large debt component of the portfolio where cash flows, secondary markets and refinancing opportunities all play a role in company specific exits. In particular, Clearwater has identified the following exit opportunities for different varieties of debt and equity investments:</p> <ul style="list-style-type: none"> • Senior Secured Debt: This type of debt has first claim on cash flows from the business and provides the Funds with a consistent stream of cash flow through exit, which in most cases is a complete pay down of interest and principal. In addition, there is a deep market for this type of debt once buyers are educated on the fundamentals of a particular credit. • Subordinated or Restructured Junior Tranches of Debt: This type of debt provides opportunities for large multiples through the servicing of debt, which is serviced at a higher coupon than senior secured debt. Exit opportunities exist primarily through the pay down of interest and principal as well as through the debt markets, which provide for a secondary exit option.
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	<ul style="list-style-type: none"> • Equity Residuals: Clearwater has traditionally targeted this type of equity from public companies, where the listed markets provide liquidity. In some cases, Clearwater received equity residuals from private companies. These opportunities are typically generated at the late-stages of an investment's life cycle when enterprise value has fallen to the equity after debt has been or is beginning to be paid down. Potential exits for private company equity residuals are the companies themselves or the founding families, private equity firms or an IPO. • Other Exit Opportunities: Clearwater has conservatively used leverage on pools of mature debt instruments as a form of exit and to increase return multiples. Specifically, Clearwater has taken groups of mature credits, leveraged them on a non-recourse basis and successfully enhanced multiples and released cash. In these cases, Clearwater has acted much like a buyout firm that has created a partial exit through debt. <p>The Funds have broad and flexible investment authority. Clearwater may have other investment strategies or methods of analysis, or engage in other activities, than those described herein. It is critical that investors refer to the relevant Fund's offering documents for a complete understanding of that Funds' investment objectives and strategies. The information contained in this Item 8 is a summary only and is qualified in its entirety by the relevant Fund's offering documents.</p> <p>An investment in the Funds may be deemed speculative and is not intended as a complete investment program. The Funds are designed only for experienced and sophisticated persons who are able to bear the risk of substantial impairment or total loss of their investment in the Funds.</p>
Item 8.B	<p>For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.</p> <p><i>Asian Market Risks</i></p> <p>Investors should consider a number of risks associated with investments in Asia, particularly in situations where investments are illiquid. Certain risks specific to these investments are described below:</p> <p><i>Investing in Emerging Markets Generally</i></p> <p>Political and economic structures in countries with emerging economies or stock markets, including certain countries in Asia, may lack the social, political and economic stability characteristic of more developed countries and may undergo rapid and significant evolution and development. Risks associated with investing in emerging markets include the following: accounting, auditing and financial reporting standards which may result in less or less useful publicly available information when compared to the information that is generally available with respect to issuers in more developed markets; foreign withholding taxes payable on a foreign security, which may reduce amounts available to make distributions; the possibility of expropriation or confiscatory taxation; adverse changes in</p>

	<p>investment or exchange control regulations; political instability which could affect investments made by the Funds (“Portfolio Investments”); potential restrictions on the flow of international capital; and the possibility of difficulties in pursuing legal remedies and collecting judgments and linguistic and translation interpretations that may complicate or confuse the understanding or underlying information or documentation written in local law and in a local language.</p> <p><i>Asian Political and Economic Risks</i></p> <p>The Funds will invest through securities markets, both public and private, located in Asia and in the securities and debt obligations of issuers located in countries in Asia that have less political and economic stability than the United States or other developed countries. The economies of such countries may be burdened by the complexities of rapidly growing economies with cases of heavy debt and high rates of inflation and less established political structures. In addition, because Asian economies are dependent on international trade, they may be substantially affected by economic conditions in the international marketplace, and in the countries with which they trade, by the imposition of trade barriers, quotas and other protectionist measures, and are clearly impacted by fluctuations in exchange rates.</p> <p>Many Asian countries lack a “free market” trading tradition. Certain Asian governments have exercised and continue to exercise substantial influence over many aspects of the private sectors of their countries. Action by such governments may directly affect foreign investment in public and private investments in those countries and may also have a significant indirect effect on the market prices of securities and of the payment of dividends and interest. Political instability in countries in which the Funds invest may result in adverse effects on the economy and hence the market value of securities in those countries.</p> <p>Political instability may result from, among other things, the following: (i) authoritarian governments or military involvement in political and economic decision-making, including changes in government through extra-constitutional means; (ii) popular unrest associated with demands for improved political, economic and social conditions; (iii) internal insurgencies; (iv) hostile relations with neighboring countries; and (v) ethnic, religious and racial disaffection or (vi) terrorist acts. Such social, political and economic instability could disrupt the principal financial markets in which the Funds invest and adversely affect the value of the Funds’ assets. Few of the countries in Asia (other than Japan) have western-style or fully democratic governments. Often, the governments are authoritarian in nature and influenced by security forces. For example, during the course of the last twenty-five years, certain governments in Asia have been installed or removed as a result of military coups. Though this has diminished dramatically in the last decade, one must be aware it is always a possibility. Disparities of wealth, and ethnic, religious and racial disaffection, among other factors, have also led to social unrest in some of the countries in Asia accompanied, in certain cases, by violence and labor unrest. There is also the risk of expropriation, nationalization or confiscatory taxation that may affect the Portfolio Investments either directly or by consequent adverse effects on the value of the Funds’ investments in those countries. In some cases, governments own or control many companies, including some of the largest companies in their respective countries. Certain Asian countries have in the past failed to recognize private property rights and have at times nationalized or expropriated the assets of</p>
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	<p>private companies. As a result, the risks from investing in those countries, including the risks of nationalization or expropriation of assets, may be heightened again in the future. In addition, unanticipated political or social developments may affect the values of the Portfolio Investments in those countries and the availability of additional investments in those countries. The availability of investment opportunities for the Funds depends in part on governments in Asia continuing to liberalize their policies regarding foreign investment and to encourage further private sector initiatives. Accordingly, government actions in the future could have a significant effect on economic conditions in such countries, which could affect private sector companies and the prices of Portfolio Investments.</p> <p>Many Asian countries have experienced substantial, and in some periods extremely high, rates of inflation for many years. Inflation and rapid fluctuations in inflation rates have had and may continue to have very negative effects on the economies and securities markets (both public and private) of certain Asian countries. In an attempt to stabilize inflation, certain Asian countries have imposed price controls at times. Past governmental efforts to curb inflation in some countries have also involved more drastic economic measures that have had a materially adverse effect on the level of economic activity in the countries where such measures were employed. Although inflation in various Asian countries has moderated somewhat in recent years, there can be no assurance that these lower rates of inflation will continue or that a return to higher rates will not have a materially adverse effect on the Portfolio Investments.</p> <p><i>Environmental Risks</i></p> <p>The Funds may face environmental liability in connection with its investments in the Asia Region. When compared to the United States, the historical lack of environmental regulation in some countries in the Asia Region has led to widespread pollution of air, ground and water resources. The legislative framework for environmental liability is not fully established or implemented in many countries in the Asia Region. The extent of the responsibility, if any, for costs of abating environmental hazards may be unclear when the Funds are considering an investment.</p> <p><i>Investment and Repatriation Restrictions</i></p> <p>Foreign investment in assets and the securities of Asian issuers is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment in certain Asian issuers and increase the costs and expenses of the Funds. Certain countries require governmental approval for foreign persons to make investments, limit the amount of investment by foreign persons in a particular company, or limit investment by foreign persons to a specific class of securities of a company that may have less advantageous terms than the classes available for purchase by nationals. Certain countries may restrict investment opportunities in issuers or industries deemed important to national interests. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales of assets by foreign investors. In addition, if there is deterioration in a country's balance of payments or for other reasons, a country may impose temporary restrictions on foreign capital remittances abroad, though given the substantial reserves across Asia today this seems unlikely in the immediate future. Non-convertibility of certain currencies</p>
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	<p>may introduce an additional degree of uncertainty to determining values of Portfolio Investments. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital or earnings, as well as by the application to the Funds of restrictions on Portfolio Investments.</p> <p><i>Currency Exchange Risk</i></p> <p>The Funds will generally be exposed to a significant foreign currency risk in its Portfolio Investments. The Funds' assets will be invested in debt instruments of companies incorporated under the laws of various Asian countries or other jurisdictions, and the income received by the Funds may be denominated in several different currencies. However, the books of the Funds will be maintained, and capital contributions and distributions from the Funds will be made, in U.S. dollars. Accordingly, changes in currency exchange rates between the U.S. dollar and such other currencies may adversely affect the U.S. dollar value of the Portfolio Investments, interest, dividends and payments received by the Funds, gains and losses realized on the sale of the Portfolio Investments and the amount of distributions, if any, to be made by the Funds. Indeed, to the extent that the U.S. dollar appreciates relative to these currencies, the U.S. dollar value of these Portfolio Investments is likely to be adversely affected. In addition, if the currency in which the Funds receive dividends, interest or other types of payments (such as principal or liquidation payments) declines in value against the U.S. dollar before such payments are distributed, the dollar value of these payments could be adversely affected if not sufficiently hedged. Clearwater may hedge against currency exchange risk. In addition, the Funds will incur costs in converting investment principal and income from one currency to another. Furthermore, the ability of the Funds and companies in which it invests to convert freely between the U.S. dollar and the local currencies may be restricted or limited and, in a number of instances, exchange rates and currency conversion are controlled directly or indirectly by governments or related entities. Many of the currencies of Asian countries have been subject to large downward fluctuations in value recently and may be subject to significant fluctuations in the future.</p> <p><i>Lack of Transparency</i></p> <p>Accounting, auditing, financial and other reporting standards, practices and disclosure requirements in countries in which the Funds may invest are not equivalent to those in the United States and certain Western European countries. These standards and reporting requirements in a number of the Asian countries are considerably less strict than those in the United States. In particular, the assets and profits appearing on the financial statements of an Asian company may not reflect its financial position or results of operations in the way they would be reflected had the financial statements been prepared in accordance with U.S. generally accepted accounting principles. In addition, for companies that keep accounting records in local currency, inflation accounting rules in some Asian countries require, for both tax and accounting purposes, that certain assets and liabilities be restated on the company's balance sheet in order to express items in terms of currency of constant purchasing power while others do not permit such restatement. Inflation accounting may indirectly generate losses or profits or disguise true losses or profits. There is generally substantially less publicly available information to investors about Asian companies than there are reports and ratings published about U.S. companies, and Asian companies are often less</p>
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	<p>willing to provide to investors the financial and other disclosure customary for U.S. issuers.</p> <p>Furthermore, there may be a lower level of monitoring and regulation of the markets and the activities of investors in such markets, and enforcement of existing regulations may be extremely limited. Consequently, should the Funds make investments through the Asian public markets, the prices at which the Funds may acquire Portfolio Investments may be affected by other market participants' anticipation of the Funds' investing, by trading by persons with material non-public information and by transactions by brokers in anticipation of transactions by the Funds in particular public securities.</p> <p>There is also a varying degree of government regulation of securities markets in Asia, which may be substantially less developed than in the United States and other developed countries. In many Asian countries, regulations under which foreign investors, such as the Funds, may invest directly in local securities or debt instruments are relatively new and though building good precedent, they may still be evolving. There can be no assurance that regulations promulgated in the future will not adversely affect the Funds or that any regulations facilitating such investment by the Funds will be continued or adopted in the future.</p> <p><i>Securities Markets in Asian Countries</i></p> <p>Securities markets in Asia are generally more fragmented, smaller, less liquid and more volatile than the securities markets of the United States and other developed countries. Securities markets in the countries in which the Funds intend to invest experienced in the past substantial price volatility and no assurance can be given that such volatility will not occur in the future. A high proportion of the instruments issued by, and most of the debt owed by, many Asian companies and individuals may be held by a limited number of persons. A limited number of issuers in most, if not all, Asian capital markets may represent a disproportionately large percentage of market capitalization and trading value. The small size and the limited volume of trading in the capital markets in certain of such countries, coupled with a general shortage of local capital and the absence of a developed merger and acquisition market, and the limited volume of trading in instruments in those countries, may make the investments in such countries illiquid and more volatile than investments in more established markets, and the Funds may be required to establish special custodial or other arrangements before making certain investments in those countries. Such illiquidity may continue even if the underlying companies obtain listings on their respective home country exchanges. In addition, the settlement systems in certain Asian countries are less developed than in more established markets and could impede the Funds' ability to effect transactions in these countries. There can be no assurances that the Funds will be able to dispose of its Portfolio Investments at the price and at the time it wishes to do so.</p> <p>There are only a limited number of investors who possess the expertise to conduct their own proprietary research necessary to invest in Asian stressed and distressed debt and a limited but focused universe of investment banks and banks that trade or commit capital to these markets. As a result of these factors, the Asian stressed and distressed debt market is a highly inefficient market.</p> <p>In addition, in certain jurisdictions in Asia, the perfection of assignments of loans</p>
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	<p>will require the completion of prescribed procedures, which often make delivery versus payment practically impossible. In those jurisdictions, there is no prominent institution rendering services as an escrow agent. Consequently, the Funds may pay the purchase price before the perfection of loans is completed and will therefore assume settlement risks.</p> <p>Brokerage commissions and other transaction costs on securities exchanges in Asia are generally higher than in the United States and other developed countries. Foreign security settlements may in some instances be subject to delays and related administrative uncertainties.</p> <p><i>Asian Legal Risk</i></p> <p>In many Asian countries, laws and legal standards differ from those in the United States and other developed economies. These standards will have a material effect on the businesses in which the Funds intend to invest, as well as the general economic and political environment in each of the Asian countries. The general trend of legislation in certain Asian countries over the last decade has somewhat enhanced the protection afforded to foreign investment and has improved the legal climate for business. There can be no assurance, however, that this trend in economic legislation will not be slowed, curtailed or reversed, particularly in the event of a change in leadership, social disruption or other circumstances affecting the social, political or economic status of one or more Asian countries. Such a shift could have a material adverse effect on the business and prospects of companies in which the Funds invest. More specifically, the Funds expect to invest in instruments of companies and borrowers which are in financial distress or bankruptcy, including in countries such as Thailand and Indonesia where debtor-creditor frameworks have a history of uncertain and unpredictable outcomes, and where there will be considerable legal uncertainty for lenders.</p> <p>The ability of the Funds to bring suit against an entity in which the Funds invest, or such entity's directors, executive officers or shareholders, may be limited. Such entities will likely be organized under the laws of Asian or other countries and their directors and officers are likely to reside outside of developed economies. Because the effectiveness of the judicial systems in the countries in which the Funds may invest varies, the Funds may have difficulty in successfully pursuing claims in the courts of such countries, as compared to the United States or other developed countries. Further, to the extent the Funds may obtain a judgment but is required to seek its enforcement in the courts of one of the countries in which the Funds invest, there can be no assurance that such courts will enforce such judgment. Moreover, it is likely that it will not be possible for the Funds to effect service of process within the United States upon such entities or their directors and officers. Even where an entity is successfully sued in the United States, enforcement of the judgment in certain jurisdictions is impossible and in other jurisdictions may be difficult.</p> <p>Please refer to the offering documents of the Funds for a detailed description of the material risks related in an investment in the Funds.</p>
Item 8.C	<p>If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.</p>

	<p><i>Risks Associated with Portfolio Investments</i></p> <p><i>Generally</i></p> <p>Clearwater will have broad discretion in making investments. The Portfolio Investments will primarily consist of debt obligations, securities and assets that have significant risks as a result of business, financial market or legal uncertainties. There can be no assurance that Clearwater will correctly evaluate the nature and magnitude of the various factors that could affect the value of, and return on, the Portfolio Investments. The Funds may also make investments in issuers that are experiencing financial or operational difficulties or are otherwise out of favor. Such issuers' securities may be considered speculative, and the ability of such issuers to pay their debts on schedule could be adversely affected by interest rate movements, changes in the general economic climate or the economic factors affecting a particular industry, or specific developments within such companies. Investments in issuers operating in workout or bankruptcy modes also present additional legal risks, including fraudulent conveyance, voidable preference and equitable subordination risks. Prices of the Portfolio Investments may be volatile or difficult to gain third party validation of, and a variety of other factors that are inherently difficult to predict or evaluate, such as domestic or international economic and political developments, may significantly affect the results of the Funds' activities and the value of the Portfolio Investments.</p> <p><i>Bank Loans</i></p> <p>Clearwater expects that a substantial portion of the Portfolio Investments will consist of loans and participations therein originated by banks and other financial institutions. The loans in which the Funds generally intend to invest will be term loans. Purchasers of bank loans are predominantly commercial banks, investment funds and investment banks. There can be no assurance that future levels of supply and demand in bank loan trading will provide an adequate degree of liquidity or that the current level of liquidity will continue.</p> <p>The Funds may acquire interests in bank loans either directly (by way of sale or assignment) or indirectly (by way of participation). The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the credit agreement with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. Participation interests in a portion of a debt obligation typically result in a contractual relationship only with the institution participating out the interest and not with the borrower. In purchasing participations, the Funds will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower, and the Funds may not directly benefit from the collateral supporting the debt obligation in which it has purchased the participation. As a result, the Funds will assume the credit risk of both the borrower and the institution selling the participation to the Funds.</p> <p><i>Public High Yield Debt and Mezzanine Investments</i></p> <p>A substantial portion of the public high yield debt and mezzanine investments in which the Funds may invest are rated below investment-grade by one or more recognized statistical rating organizations or are unrated but of comparable credit quality to obligations rated below investment-grade, and have greater credit and</p>
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	<p>liquidity risk than more highly rated debt obligations. Public high yield debt and mezzanine investments are generally unsecured and may be subordinate to other obligations of the obligor. The lower rating of public high yield debt and mezzanine investments reflects a greater possibility that adverse changes in the financial condition of the obligor or in general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings) or both may impair the ability of the obligor to make payment of principal and interest. Many issuers of public high yield debt and mezzanine investment securities are highly leveraged, and their relatively high debt-to-equity ratios create increased risks that their operations might not generate sufficient cash flow to service their debt obligations. Overall adverse conditions in the below investment grade bond and other markets may adversely affect such issuers by inhibiting their ability to refinance their debt at maturity. Public high yield debt and mezzanine investments often are issued in connection with leveraged acquisitions or recapitalizations, in which the issuers incur a substantially higher amount of indebtedness than the level at which they previously had operated. Public high yield debt and mezzanine investments historically have experienced greater default rates than have been the case for investment-grade securities. The Funds may also invest in equity securities issued by entities with unrated or below investment-grade debt.</p> <p><i>Speculative Investments</i></p> <p>The Funds will be authorized to and intend to invest in the securities and obligations of distressed and bankrupt issuers, including debt obligations that are in covenant or payment default. Such Portfolio Investments generally are considered speculative. The repayment of defaulted obligations is subject to significant uncertainties. Defaulted obligations might be repaid only after lengthy workout or bankruptcy proceedings, during which the issuer of those obligations might not make any interest or other payments.</p> <p>There are a number of significant risks inherent in the bankruptcy process. First, many events in a bankruptcy are the product of contested matters and adversary proceedings and are beyond the control of the creditors. While creditors are generally given an opportunity to object to significant actions, there can be no assurance that a bankruptcy court in the exercise of its broad powers would not approve actions that would be contrary to the interests of the Funds. Second, the effect of a bankruptcy filing on a company may adversely and permanently affect the company. The company may lose its market position and key employees and otherwise become incapable of restoring itself as a viable entity. If for this, or any other reason, the proceeding is converted to liquidation, the liquidation value of the company may not equal the liquidation value that was believed to exist at the time of the investment. Third, the duration of a bankruptcy proceeding is difficult to predict. A creditor's return on investment can be adversely affected by delays while the plan of reorganization is being negotiated, approved by the creditors and confirmed by the bankruptcy court and until it ultimately becomes effective. Fourth, the administrative costs in connection with a bankruptcy proceeding are frequently high and will be paid out of the debtor's estate prior to any return to creditors. For example, if a proceeding involves protracted or difficult litigation, or turns into a liquidation, substantial assets may be devoted to administrative costs. Fifth, bankruptcy law permits the classification together of "substantially similar" claims in determining the classification of claims in a reorganization. Because the standard for classification is vague, there exists the risk that the</p>
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	<p>Funds' influence with respect to the class of securities it owns can be lost by increases in the number and amount of claims in that class or by different classification and treatment. Sixth, in the early stages of the bankruptcy process, it is often difficult to estimate the extent of, or even to identify, any contingent claims that might be made. Seventh, especially in the case of investments made prior to the commencement of bankruptcy proceedings, creditors can lose their ranking and priority if they exercise "domination and control" over a debtor and other creditors can demonstrate that they have been harmed by such actions. Eighth, certain claims that have priority by law (for example, claims for taxes) may be quite significant.</p> <p>In addition, the Funds also will be permitted to invest in common or preferred stock or other equity securities of highly leveraged companies. These equity securities will be subordinate to the debt securities and other indebtedness of the issuers of such equity securities. In addition, many of these equity securities will be illiquid. Because of perceived or actual illiquidity or investor concerns regarding leveraged capitalization, these securities often trade at significant discounts to otherwise comparable investments.</p> <p><i>Fraudulent Conveyance Considerations</i></p> <p>Various laws enacted for the protection of creditors may apply to the Portfolio Investments by virtue of the Funds' roles as creditors with respect to the issuers of such Portfolio Investments. If a court in a lawsuit brought by an unpaid creditor or representative of creditors of a borrower, such as a trustee in bankruptcy or the borrower as debtor-in-possession, were to find that (a) the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by a Portfolio Investment and granting any security interest or other lien securing such Portfolio Investment and (b) after giving effect to such indebtedness, the borrower either (i) was insolvent, (ii) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, then such court could invalidate, in whole or in part, such indebtedness and any security interest or other lien securing such Portfolio Investment as fraudulent conveyances, could subordinate such indebtedness to existing or future creditors of the borrower or could recover amounts previously paid by the borrower (including to the Funds) in satisfaction of such indebtedness or amounts representing proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness.</p> <p>In addition, upon any insolvency of an issuer of a Portfolio Investment, payments required to be made on the Portfolio Investment could be subject to avoidance as a "preference" if made within a certain period of time (which may be up to or longer than one year) before insolvency. The measure of insolvency for purposes of the foregoing will vary depending on the law of the jurisdiction that is being applied. Generally, however, a borrower would be considered insolvent at a particular time if the sum of its debts was greater than all of its property at a fair valuation or if the present fair saleable value of its assets was then less than the amount that would be required to pay its probable liabilities on its existing debts as they became absolute and matured. There can be no assurance as to what standard a court would apply in order to determine whether a borrower was insolvent after giving effect to the particular indebtedness or that, regardless of the</p>
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	<p>method of evaluation, a court would not determine that the borrower was “insolvent” upon giving effect to such indebtedness. In general, if payments on an investment are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient (such as the Funds) or from subsequent transferees of such payments.</p> <p><i>Credit and Interest Rate Risk</i></p> <p>A portfolio containing debt securities, like that of the Funds, is subject to credit and interest rate risks. “Credit risk” refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument. Securities that are rated by rating agencies are often reviewed and may be subject to downgrade, which generally results in a decline in the market value of such security. “Interest rate risk” refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments, which historically has been by far the dominant instruments owned by Clearwater, also react to interest rate changes in a similar manner, however to a notably lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.</p> <p><i>Leverage</i></p> <p>Use of leverage is a speculative investment technique and involves certain risks to investors in the Funds. The use of leverage creates an opportunity for increased income and gains to the Partners but also increases the risk of loss of capital. To the extent that income derived by the Funds from Portfolio Investments purchased with borrowed funds is greater than the cost of borrowings, the Funds’ net income will be greater than if borrowing had not been used. Conversely, if the income from Portfolio Investments purchased with borrowed funds is not sufficient to cover the cost of borrowing, the net income of the Funds will be less than if borrowing had not been used, and the amount available for distribution to the Partners will be reduced. The extent to which the gains and losses associated with leveraged investing are increased generally will depend on the degree of leverage employed.</p> <p><i>Counterparty, Settlement, and Local Intermediary Risk</i></p> <p>To the extent the Funds invest in securities, swaps, derivatives, or other over-the-counter transactions, in certain circumstances, the Funds may take a credit risk with regard to parties with whom it trades and may also bear the risk of transfer, clearance, or settlement default. Transactions entered directly between two counterparties may expose the parties to the risk of counterparty defaults. Such risks may be exacerbated with respect to securities or transactions with</p>
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counterparties in certain countries. It is expected, but in no way assured, that all securities and other assets deposited with custodians or brokers will be clearly identified as being assets of the Funds or their intermediate vehicles and hence the Funds or their intermediate vehicles should not be exposed to credit risk with regard to such parties. The Funds will assume the credit risk associated with placing its funds and securities with prime brokers, and the failure or bankruptcy of any such prime brokers could have a material adverse impact on the Funds. Certain of the Funds' transactions may be undertaken through local brokers, banks, or other organizations in the countries in which the Funds make investments, and the Funds will be subject to the risk of default, insolvency, or fraud of such organizations. The collection, transfer, and deposit of bearer securities and cash expose the Funds to a variety of risks, including theft, loss, and destruction. The Funds will be dependent upon the general soundness of the banking systems of these countries.

Hedging Policies and Risks

The Funds may employ hedging techniques designed to reduce the risk of adverse interest rate, currency, credit, or security movements on investments. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge may be greater, or gains smaller, than losses or gains, as the case may be, in the value of the underlying position. While the Funds may benefit from the use of hedging mechanisms, unanticipated changes in interest rates, currency exchange rates, credit defaults, or securities prices may result in a poorer overall performance for the Funds than if they had not entered into such hedging transactions. Additionally, such hedging transactions will add to the cost of the investment, may require ongoing cash payments to counterparties, subject the Funds to the risk that the counterparty defaults on their obligations, and may produce different tax consequences to the Funds' limited partners than would apply if the Funds had not entered into such hedging transactions.

Currency and Market Risks

Investors' capital accounts will be denominated in U.S. dollars and distributions generally will be made in U.S. dollars. However, the Funds will make the majority of their investments in countries other than the United States, and consequently, a significant portion of the Funds' investments are likely to be denominated in currencies other than the U.S. dollar. Changes in the rates of exchange between the U.S. dollar and other currencies will have an effect, which could be adverse, on the performance of the Funds, amounts available for distribution by the Funds, and the value of securities distributed by the Funds. Additionally, a particular foreign country may impose exchange controls, devalue its currency, and/or take other measures relating to its currency which could adversely affect the Funds. Finally, the Funds will incur costs in connection with conversions between various currencies. Although the Funds have the ability to hedge currency risk associated with its investments denominated in currencies other than the U.S. dollar, it may or may not choose to do so. In the event the Funds choose to hedge currency risk, they may do so in certain circumstances (for example, if the Funds develop an undesirable concentration in an individual currency), but in such event it does not expect that the full risk of currency fluctuations can be eliminated due to the complexity of the investment

	<p>characteristics of the portfolio and limitations in the foreign currency market. The Funds will conduct their foreign currency exchange transactions in anticipation of funding investment commitments or receiving proceeds upon dispositions.</p> <p>In addition, to hedge against adverse stock market shifts, the Funds may purchase put and call options on stocks and write covered call options on stocks. There can be no guarantee that instruments suitable for hedging market shifts will be available at the time when the Funds wish to use them.</p> <p><i>Trading in Commodities and Derivatives is Speculative and Volatile</i></p> <p>The Funds may employ trading in commodities to manage risk and hedge exposure inherent in its investment program; consequently, any portion of the Funds' assets so invested will be exposed to the associated risks of such investments. For example, the prices of commodity interests are highly volatile. These prices can make substantial moves in short periods of time and are influenced by a number of factors, including changing supply and demand relationships, fiscal, monetary, and exchange control programs, policies of governments, national and international political and economic events and policies, government trade programs, agricultural trade reports, changes in interest rates and rates of inflation, changes in currency valuations, and psychological fluctuations of the marketplace. In addition, governments from time to time intervene, directly or indirectly, in certain markets often with the intention to influence prices. This may cause markets, particularly the financial and currency markets, to move rapidly during these periods. Clearwater is not able to control any of these factors. Clearwater may also use equity and other derivatives to manage risk inherent. Equity derivatives are frequently valued based on implied volatilities of such derivatives rather than the historical volatility of their underlying securities or positions. Fluctuations or prolonged changes in the volatility of such securities or positions, therefore, can adversely affect the value of such securities or positions held by Clearwater. Clearwater is also subject to the risk of failure of any of the exchanges on which its positions trade or of their clearinghouses.</p> <p><i>Commodity Futures Contracts</i></p> <p>The Funds may employ trading in commodities futures to manage risk and hedge exposure inherent in their investment programs. Consequently, any portion of the Funds' assets so invested will be exposed to the associated risks of such investments, and trading in commodity interests may involve substantial risks. The low margin or premiums normally required in such trading may provide a large amount of leverage, and a relatively small change in the price of a security or contract can produce a disproportionately larger profit or loss. There is no assurance that a liquid secondary market will exist for commodity futures contracts or options purchased or sold, and the Funds may be required to maintain a position until exercise or expiration, which could result in losses.</p> <p>Futures positions may be illiquid because, for example, most U.S. commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits". Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. Futures</p>
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	<p>contract prices on various commodities or financial instruments occasionally have moved the daily limit for several consecutive days with little or no trading. Similar occurrences could prevent the Funds from promptly liquidating unfavorable positions and subject the Funds to substantial losses in respect of any such investments. In addition, the Funds may not be able to execute futures contract trades at favorable prices if trading volume in such contracts is low. It is also possible that an exchange or the CFTC may suspend trading in a particular contract, order immediate liquidation and settlement of a particular contract, or order that trading in a particular contract be conducted for liquidation only. In addition, the CFTC and various exchanges impose speculative position limits on the number of positions that may be held in particular commodities. Trading in commodity futures contracts and options are highly specialized activities that may entail greater than ordinary investment or trading risks. The Funds may also trade on non-U.S. futures markets. Non-U.S. futures markets may have greater risk than domestic futures markets. Unlike trading on domestic commodity exchanges, trading on non-U.S. commodity exchanges is not regulated by the CFTC and may be subject to greater risks than trading on domestic exchanges.</p> <p>The price of stock index futures contracts may not correlate perfectly with the movement in the underlying stock index because of certain market distortions. First, all participants in the futures market are subject to margin deposit and maintenance requirements. Rather than meeting additional margin deposit requirements, investors may close futures contracts through offsetting transactions that would distort the normal relationship between the index and futures markets. Secondly, from the point of view of speculators, the deposit requirements in the futures market are less onerous than margin requirements in the securities market. Therefore, increased participation by speculators in the futures market also may cause temporary price distortions. Successful use of stock index futures contracts by the Funds also is subject to Clearwater's ability to correctly predict movements in the direction of the market.</p> <p>Please refer to the offering documents of the Funds for a detailed description of the material risks related in an investment in the Funds.</p>
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ITEM 9 – DISCIPLINARY INFORMATION

If there are legal or disciplinary events that are material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.

Items 9.A, 9.B, and 9.C list specific legal and disciplinary events presumed to be material for this Item. If your advisory firm or a *management person* has been *involved* in one of these events, you must disclose it under this Item for ten years following the date of the event, unless (1) the event was resolved in your or the *management person's* favor, or was reversed, suspended or vacated, or (2) you have rebutted the presumption of materiality to determine that the event is not material (see Note below). For purposes of calculating this ten-year period, the “date” of an event is the date that the final *order*, judgment, or decree was entered, or the date that any rights of appeal from preliminary *orders*, judgments or decrees lapsed.

Items 9.A, 9.B, and 9.C do not contain an exclusive list of material disciplinary events. If your advisory firm or a *management person* has been *involved* in a legal or disciplinary event that is not listed in Items 9.A, 9.B, or 9.C, but nonetheless is material to a *client's* or prospective *client's* evaluation of your advisory business or the integrity of its management, you must disclose the event. Similarly, even if more than ten years have passed since the date of the event, you must disclose the event if it is so serious that it remains material to a *client's* or prospective *client's* evaluation.

Item 9.A	<p>A criminal or civil action in a domestic, foreign or military court of competent jurisdiction in which your firm or a <i>management person</i></p> <ol style="list-style-type: none"> 1. was convicted of, or pled guilty or nolo contendere (“no contest”) to (a) any <i>felony</i>; (b) a <i>misdemeanor</i> that <i>involved</i> investments or an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, or extortion; or (c) a conspiracy to commit any of these offenses; 2. is the named subject of a pending criminal <i>proceeding</i> that involves an <i>investment-related</i> business, fraud, false statements or omissions, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses; 3. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i> statute or regulation; or 4. was the subject of any <i>order</i>, judgment, or decree permanently or temporarily enjoining, or otherwise limiting, your firm or a <i>management person</i> from engaging in any <i>investment-related</i> activity, or from violating any <i>investment-related</i> statute, rule, or <i>order</i> <p>Not applicable.</p>
Item 9.B	<p>An administrative <i>proceeding</i> before the SEC, any other federal regulatory agency, any state regulatory agency, or any <i>foreign financial regulatory authority</i> in which your firm or a <i>management person</i></p> <ol style="list-style-type: none"> 1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business; or 2. was <i>found</i> to have been <i>involved</i> in a violation of an <i>investment-related</i>

	<p>statute or regulation and was the subject of an <i>order</i> by the agency or authority</p> <ul style="list-style-type: none"> (a) denying, suspending, or revoking the authorization of your firm or a <i>management person</i> to act in an <i>investment-related</i> business; (b) barring or suspending your firm's or a <i>management person's</i> association with an <i>investment-related</i> business; (c) otherwise significantly limiting your firm's or a <i>management person's investment-related</i> activities; or (d) imposing a civil money penalty of more than \$2,500 on your firm or a <i>management person</i>. <p>Not applicable.</p>
Item 9.C	<p>A self-regulatory organization (SRO) proceeding in which your firm or a management person</p> <ul style="list-style-type: none"> 1. was <i>found</i> to have caused an <i>investment-related</i> business to lose its authorization to do business; or 2. was <i>found</i> to have been <i>involved</i> in a violation of the <i>SRO's</i> rules and was: (i) barred or suspended from membership or from association with other members, or was expelled from membership; (ii) otherwise significantly limited from <i>investment-related</i> activities; or (iii) fined more than \$2,500. <p>Not applicable.</p>

ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Item 10.A	<p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.</p> <p>Not applicable.</p>
Item 10.B	<p>If you or any of your <i>management persons</i> are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.</p> <p>Not applicable.</p>
Item 10.C	<p>Describe any relationship or arrangement that is material to your advisory business or to your <i>clients</i> that you or any of your <i>management persons</i> have with any <i>related person</i> listed below. Identify the <i>related person</i> and if the relationship or arrangement creates a material conflict of interest with <i>clients</i>, describe the nature of the conflict and how you address it.</p> <ol style="list-style-type: none"> 1. broker-dealer, municipal securities dealer, or government securities dealer or broker 2. investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund) 3. other investment adviser or financial planner 4. futures commission merchant, commodity pool operator, or commodity trading advisor 5. banking or thrift institution 6. accountant or accounting firm 7. lawyer or law firm 8. insurance company or agency 9. pension consultant 10. real estate broker or dealer 11. sponsor or syndicator of limited partnerships <p>Clearwater acts as the manager or management company for each of the Funds. The General Partners act as the general partners for each of the Funds.</p> <p>Clearwater and its management persons have no other relationships or arrangements with any of the related persons listed above that are material to Clearwater’s advisory business or its clients.</p>
Item 10.D	<p>If you recommend or select other investment advisers for your <i>clients</i> and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.</p> <p>Not applicable.</p>

ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Item 11.A	<p>If you are an SEC-registered adviser, briefly describe your code of ethics adopted pursuant to SEC rule 204A-1 or similar state rules. Explain that you will provide a copy of your code of ethics to any <i>client</i> or prospective <i>client</i> upon request.</p> <p>Clearwater believes that high ethical standards are essential to its success and to maintain the confidence of its investors. Clearwater is of the view that its long-term business interests are best served by adherence to the principle that investors' interests come first. Clearwater recognizes that certain potential conflicts of interests may arise in connection with the personal trading activities of individuals associated with Clearwater.</p> <p>Clearwater has adopted a Code of Ethics, which is a part of Clearwater's compliance manual and has been designed to comply with the requirements of Advisers Act Rule 204A-1. Among other things, the Code of Ethics (i) requires that all employees comply with federal securities laws, (ii) requires that all employees submit to Clearwater reports containing their personal securities holdings and transactions in reportable securities, and that Clearwater review such reports, (iii) requires all employees to obtain pre-approval of all transactions in their personal accounts, (iv) establishes a Holdings List and Restricted List, each of which contains names prohibited from personal trading, (v) establishes a 30 day minimum holding period for personal trading, and (vi) contains policies and procedures designed to prevent the misuse of material, non-public information. All personnel of Clearwater are required to certify their compliance with the Code of Ethics.</p> <p>Clients or prospective clients may arrange a time to review Clearwater's Code of Ethics in its New York offices by contacting Robert Kim at (212) 201-8544 or in its Singapore offices by contacting the Chief Compliance Officer, Ammin Ali, at 65 6827 9287.</p>
Item 11.B	<p>If you or a <i>related person</i> recommends to <i>clients</i>, or buys or sells for <i>client</i> accounts, securities in which you or a <i>related person</i> has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</p> <p>As explained in Item 10.C above, Clearwater acts as the manager or management company for each of the Funds. The General Partners act as the general partners for each of the Funds.</p> <p>Clearwater, its employees, affiliates or their related persons are invested in the Funds, either directly or through the General Partners' investments in the Funds. The fact that Clearwater, its employees, affiliates or their related persons may also invest directly in any one, some or all of the Funds creates a potential conflict in that it could cause Clearwater to make different investment decisions than if they did not have such a financial ownership interest. Further, Clearwater charges the Funds fees based on a percentage of assets under management via the Management Fee and performance via the Carried Interest Distribution or the Performance Allocation, as applicable. The Management Fee is payable without regard to the overall success or income earned by the Funds and therefore may</p>

	<p>create an incentive on the part of Clearwater to raise or otherwise increase assets under management to a higher level than would be the case if Clearwater were receiving a lower or no Management Fee. The receipt of a Carried Interest Distribution or a Performance Allocation, as applicable, may create an incentive for Clearwater to make investments that are riskier or more speculative than it otherwise would.</p>
Item 11.C	<p>If you or a <i>related person</i> invests in the same securities (or related securities, <i>e.g.</i>, warrants, options or futures) that you or a <i>related person</i> recommends to <i>clients</i>, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.</p> <p>Clearwater, its employees, affiliates or their related persons may buy, sell or otherwise invest in securities for their own accounts that they also recommend to the Funds. Each such related person transaction is separately identified and made strictly in accordance with Clearwater's Code of Ethics. In order to manage this conflict of interest, Clearwater's Code of Ethics requires related persons of Clearwater to obtain prior written approval from the Chief Compliance Officer before engaging in all securities transactions in their personal accounts. Such employee transactions will be reviewed in the best interests of the Funds and will be denied by the Chief Compliance Officer if there is a risk of potential adverse consequences to the Funds. In particular, Clearwater has established (i) a Holdings List of securities under consideration for the Funds, as well as any securities currently owned by Funds, and (ii) a Restricted List in the event that Clearwater obtains non-public information on an issuer that could potentially be inside information. Approval generally will not be given for any proposed personal transactions in securities that are on the Holdings List or the Restricted List.</p>
Item 11.D	<p>If you or a <i>related person</i> recommends securities to <i>clients</i>, or buys or sells securities for <i>client</i> accounts, at or about the same time that you or a <i>related person</i> buys or sells the same securities for your own (or the <i>related person's</i> own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.</p> <p>Please see Item 11.C above.</p>

ITEM 12 – BROKERAGE PRACTICES

Item 12.A.1	<p>Describe the factors that you consider in selecting or recommending broker-dealers for <i>client</i> transactions and determining the reasonableness of their compensation (e.g., commissions).</p> <p><u>Research and Other Soft Dollar Benefits.</u> If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.</p> <ol style="list-style-type: none"> a. Explain that when you use <i>client</i> brokerage commissions (or markups or markdowns) to obtain research or other products or services, you receive a benefit because you do not have to produce or pay for the research, products or services. b. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving the research or other products or services, rather than on your <i>clients’</i> interest in receiving most favorable execution. c. If you may cause <i>clients</i> to pay commissions (or markups or markdowns) higher than those charged by other broker-dealers in return for soft dollar benefits (known as paying-up), disclose this fact. d. Disclose whether you use soft dollar benefits to service all of your <i>clients’</i> accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to <i>client</i> accounts proportionately to the soft dollar credits the accounts generate. e. Describe the types of products and services you or any of your <i>related persons</i> acquired with <i>client</i> brokerage commissions (or markups or markdowns) within your last fiscal year. f. Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for soft dollar benefits you received. <p>As a general matter, Clearwater invests in private transactions that are not executed on an exchange and does not utilize brokers.</p> <p>To the extent Clearwater does utilize brokers, it has a duty to obtain “best execution” of securities transactions for the Funds. This means that in selecting brokers or dealers to execute transactions, Clearwater must always attempt to ensure that the total cost or proceeds of any transaction for a Fund is the most favorable obtainable under the circumstances.</p> <p>An investment manager need not necessarily solicit competitive bids on each transaction and may not have an obligation to seek the lowest available commission cost. In determining best execution, an investment manager may take</p>
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	<p>into account the full range and quality of a broker's services that benefit an account under management such as brokerage, research and other services. In selecting the counterparties to execute a particular transaction, Clearwater uses its best judgment in evaluating the terms of the transaction, and gives consideration to various relevant factors, which generally will include a broker's ability to effect the transactions, its facilities, reliability and financial responsibility and the provision or payment by the broker of the costs of brokerage and research products and services that are of benefit to the Funds, Clearwater or related funds and accounts. Accordingly, the commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to the Funds by brokers in the foregoing circumstances may be higher than those charged by other brokers who may not offer such services.</p>
Item 12.A.2	<p><u>Brokerage for Client Referrals.</u> If you consider, in selecting or recommending broker-dealers, whether you or a <i>related person</i> receives <i>client</i> referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.</p> <ul style="list-style-type: none"> a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving <i>client</i> referrals, rather than on your <i>clients'</i> interest in receiving most favorable execution. b. Explain the procedures you used during your last fiscal year to direct <i>client</i> transactions to a particular broker-dealer in return for <i>client</i> referrals. <p>Not applicable.</p>
Item 12.A.3	<p><u>Directed Brokerage.</u></p> <ul style="list-style-type: none"> a. If you routinely <u>recommend</u>, <u>request</u> or <u>require</u> that a <i>client</i> direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their <i>clients</i> to direct brokerage. If you and the broker-dealer are affiliates or have another economic relationship that creates a material conflict of interest, describe the relationship and discuss the conflicts of interest it presents. Explain that by directing brokerage you may be unable to achieve most favorable execution of <i>client</i> transactions, and that this practice may cost <i>clients</i> more money. b. If you <u>permit</u> a <i>client</i> to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of <i>client</i> transactions. Explain that directing brokerage may cost <i>clients</i> more money. For example, in a directed brokerage account, the <i>client</i> may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the <i>client</i> may receive less favorable prices. <p>Not applicable.</p>
Item 12.B	<p>Discuss whether and under what conditions you aggregate the purchase or sale of securities for various <i>client</i> accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to <i>clients</i> of not aggregating.</p>

	<p>Certain Funds have overlapping investment programs. If Clearwater determines that it would be appropriate for more than one Fund to participate in an investment opportunity, Clearwater may, but is not required to, aggregate investment opportunities on behalf of the Funds. In such instances, Clearwater will allocate opportunities on a basis believed to be fair and equitable; no participating Fund will receive preferential treatment over any other.</p> <p>The classification of an investment opportunity as appropriate or inappropriate for a particular Fund or any other Fund shall be made by Clearwater, in good faith, at the time of purchase, and this determination will frequently be subjective in nature. Where potential conflicts with other Funds do exist, such opportunities shall be allocated by Clearwater, after taking into consideration various factors, which will include market exposure, cash availability, industry sector exposure and the suitability of such investments to each fund. In determining the suitability of each investment opportunity to a Fund, consideration will be given to a number of factors, the most important being the Fund's investment objectives and strategies, existing portfolio composition and cash levels.</p>
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ITEM 13 – REVIEW OF ACCOUNTS

Item 13.A	<p>Indicate whether you periodically review <i>client</i> accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the <i>supervised persons</i> who conduct the review.</p> <p>Clearwater monitors and continually performs asset resolution analysis throughout the holding period of each of its investments. This approach allows Clearwater to evaluate, on a regular basis, exit opportunities and assess performance of the investment's assets relative to the original investment thesis. In many cases, Clearwater actively manages investments that are undergoing a restructuring and liquidations undergoing a workout.</p> <p>The responsibility for monitoring investments is reviewed quarterly based on, among other things, (i) value at risk, (ii) status of the restructuring, (iii) collection performance and (iv) overall covenant performance. Each analyst assigned to monitor an asset is responsible for the following:</p> <ul style="list-style-type: none"> • Information tracking, including centralized receipt of data from borrower and distribution to such analyst and the responsible Principal; • Cash flow tracking, including tracking asset-specific cash flow for every investment; and • Reviewing collections on a regular basis with operations and senior management. <p>Additionally, Clearwater has a risk management team in Singapore that is focused on managing and hedging market risk exposures through the use of derivatives.</p> <p>In addition to the analyst assigned to monitor a particular investment, a Principal, country manager or senior analyst is responsible for a particular investment to guide the necessary analysis for evaluating exit opportunities. In particular, the Principal, country manager or senior analyst assigned to a particular investment will conduct the following analysis:</p> <ul style="list-style-type: none"> • Review the expanded capital structure, including a detailed breakdown of creditors at various levels in the capital structure; • Review collateral and security details, estimates of value and enforcement possibilities if needed; • Review exit strategies, including the primary resolution option and estimates of timing; and • Review recommendations and propose next steps to the Investment Committee. <p>Post-acquisition monitoring allows Clearwater to continuously assess the value and upside potential of its investments, make additional purchases or sales when appropriate and exit the investment on a timely basis at the highest possible valuation. Active asset management allows Clearwater to build value in its investments, particularly companies undergoing a financial or operational restructuring or going through liquidation.</p> <p>These reviews are conducted by the following:</p>
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	<p>Robert Dean Petty: Managing Partner Amit Gupta: Partner Yao Chye Chiang: Chief Operating Officer Al Ammin Ali: Chief Compliance Officer Jason Edwards: General Counsel Jaewoo Shim: Managing Director Subhashree Duta: Managing Director Michael Capasso: Managing Director Edward Cairns: Head of Restructuring Karthik Athreya: Director</p>
Item 13.B	<p>If you review <i>client</i> accounts on other than a periodic basis, describe the factors that trigger a review</p> <p>See Item 13.A above.</p>
Item 13.C	<p>Describe the content and indicate the frequency of regular reports you provide to <i>clients</i> regarding their accounts. State whether these reports are written.</p> <p>Clearwater will provide investors with annual audited financial reports and information necessary to prepare tax returns. In addition, Clearwater will provide investors with quarterly unaudited performance information. All such reports are written. Notwithstanding the foregoing, Clearwater may withhold information regarding the identity of the Funds' investments from investors if Clearwater determines in good faith that it is not in the best interests of the Funds to provide such information.</p>

ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

Item 14.A	<p>If someone who is not a <i>client</i> provides an economic benefit to you for providing investment advice or other advisory services to your <i>clients</i>, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.</p> <p>Not applicable.</p>
Item 14.B	<p>If you or a <i>related person</i> directly or indirectly compensates any <i>person</i> who is not your <i>supervised person</i> for <i>client</i> referrals, describe the arrangement and the compensation.</p> <p>Clearwater may enter into written arrangements with third parties to act as solicitors for Clearwater's investment advisory business. All such compensation will be fully disclosed to each client consistent with applicable law. All such referral activities will be conducted in accordance with SEC Rule 206(4)-3 under the Advisers Act as well as relevant SEC guidance. In general, third party solicitors may receive a portion of the fees otherwise payable to Clearwater.</p>

ITEM 15 – CUSTODY

If you have *custody* of *client* funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your *clients*, explain that *clients* will receive account statements from the broker-dealer, bank or other qualified custodian and that *clients* should carefully review those statements. If your *clients* also receive account statements from you, your explanation must include a statement urging *clients* to compare the account statements they receive from the qualified custodian with those they receive from you.

Clearwater and the General Partners are deemed to have custody by virtue of their status as manager, management company or general partner of the Funds. The qualified custodians presently utilized by Clearwater for its Funds are:

Bank of New York Mellon
Global Corporate Trust – CDO
2 N LaSalle Street 7th Floor
Chicago, IL 60602
United States

Bank of New York Mellon
One Temasek Avenue, #03-01
Millenia Tower
Singapore 039192

JPMorgan Chase
168 Robinson Road 24th Floor
Capital Tower
Singapore 068912

Credit Industriel et Commercial
63 Market Street
#15-01
Singapore 048942

Deutsche Bank AG
Nirlon Knowledge Park, Block 1, 4th Floor
Western Express Highway
Goregaon (E), Mumbai 400063, India

HSBC
The Hongkong and Shanghai Banking Corporation Limited, 2nd Floor, Shiv
Plot No 139-140 B, Western Express Highway, Sahar Road Junction
Vile Parle (East) Mumbai 400057, India

To ensure compliance with Rule 206(4)-2 under the Advisers Act, Clearwater reasonably believes that all investors the Funds will be provided with audited financial statements, prepared by an independent accounting firm that is registered with and subject to review by the Public Company Accounting Oversight Board, in accordance with U.S. Generally Accepted Accounting Principles, within 120 days, of the end of the Funds' fiscal years. Investors should carefully review the audited financial statements of

the Funds upon receipt. Clearwater may use additional qualified custodians in the future, including custodians designated for specific transactions in foreign markets.

ITEM 16 – INVESTMENT DISCRETION

If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).

Clearwater and the General Partners have discretionary authority to manage the investments of the Funds. Clearwater and the General Partners are authorized to make all investment decisions for the Funds. As explained in Item 4.C above, individual investors in the Funds do not have the ability to impose limitations on Clearwater's discretionary authority. Prospective investors are provided with an offering memorandum prior to their investment and are encouraged to carefully review the offering memorandum, along with all other relevant offering documents, and to be sure that the proposed investment is consistent with their investment goals and tolerance for risk. Prospective investors must also execute a subscription agreement and a limited partnership agreement, which constitute a legal, valid and binding obligation of the investor, enforceable in accordance with their respective terms.

ITEM 17 – VOTING CLIENT SECURITIES

Item 17.A	<p>If you have, or will accept, authority to vote <i>client</i> securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC rule 206(4)-6. Describe whether (and, if so, how) your <i>clients</i> can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your <i>clients</i> with respect to voting their securities. Describe how <i>clients</i> may obtain information from you about how you voted their securities. Explain to <i>clients</i> that they may obtain a copy of your proxy voting policies and procedures upon request.</p> <p>Clearwater understands and appreciates the importance of proxy voting and ensuring that its proxy voting procedures are clearly described to investors. To the extent that Clearwater has discretion to vote the proxies of the Funds it manages, Clearwater will vote any such proxies in the best interests of the Funds and investors. Prior to voting any proxies, Clearwater’s Operations Group will forward all proxies to the Chief Compliance Officer, who will identify any potential conflicts of interest related to the proxy in question. If a conflict is identified, the Chief Compliance Officer will then decide (which may be in consultation with outside legal counsel or third party compliance consultants) as to whether the conflict is material or not. If no material conflict is identified, a Principal or his designee will make a decision on how to vote the proxy in question. Clearwater may retain an independent third party to vote proxies in certain situations (including situations where a material conflict of interest is identified).</p> <p>Please let us know if you have any questions about, or would like to be provided with a copy of, our proxy voting procedures. Also, please let us know if you would like detailed information about how any proxies were actually voted by calling the Chief Compliance Officer, Ammin Ali, in Clearwater’s Singapore offices at 65 6827 9287.</p>
Item 17.B	<p>If you do not have authority to vote <i>client</i> securities, disclose this fact. Explain whether <i>clients</i> will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) <i>clients</i> can contact you with questions about a particular solicitation.</p> <p>Not applicable.</p>

ITEM 18 – FINANCIAL INFORMATION

Item 18.A	<p>If you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, include a balance sheet for your most recent fiscal year.</p> <ol style="list-style-type: none"> 1. The balance sheet must be prepared in accordance with generally accepted accounting principles, audited by an independent public accountant, and accompanied by a note stating the principles used to prepare it, the basis of securities included, and any other explanations required for clarity. 2. Show parenthetically the market or fair value of securities included at cost. 3. Qualifications of the independent public accountant and any accompanying independent public accountant's report must conform to Article 2 of SEC Regulation S-X. <p>Not applicable.</p>
Item 18.B	<p>If you have <i>discretionary authority</i> or <i>custody</i> of <i>client</i> funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per <i>client</i>, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to <i>clients</i>.</p> <p>Clearwater is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients.</p>
Item 18.C	<p>If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.</p> <p>Not applicable.</p>