

**Part 2A of Form ADV
Firm Brochure
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Deerpath Capital Management, LP

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This brochure provides information about the qualifications and business practices of Deerpath Capital Management, LP, a Delaware limited partnership (the “Investment Manager” or “Deerpath”). If you have any questions about the contents of this brochure, please contact James Kirby or Anish Bahl using the contact information provided above. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

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

Although Deerpath is registered as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”), such registration with the SEC 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 first version of our SEC Form ADV Brochure we have provided. As such, there is no prior version of this brochure and there are no material changes to be noted.

Item 3
Table of Contents

Item 1	Cover Page	1
Item 2	Material Changes.....	2
Item 3	Table of Contents	3
Item 4	Advisory Business	4
Item 5	Fees and Compensation	7
Item 6	Performance-Based Fees and Side-by-Side Management	9
Item 7	Types of Clients.....	10
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss	11
Item 9	Disciplinary Information.....	21
Item 10	Other Financial Industry Activities and Affiliations	22
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading	23
Item 12	Brokerage Practices.....	25
Item 13	Review of Accounts	28
Item 14	Client Referrals and Other Compensation	29
Item 15	Custody	30
Item 16	Investment Discretion.....	31
Item 17	Voting Client Securities	32
Item 18	Financial Information	33

Item 4
Advisory Business

A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).

Deerpath is an investment management firm formed in 2007. The Investment Manager is controlled by Gary C. Wendt, James H. Kirby and John B. Fitzgibbons (the “Principals”). Gary C. Wendt is the Chairman of the Investment Manager and James H. Kirby is the President and Chief Executive Officer responsible for the day-to-day management of the affairs of the Investment Manager. John B. Fitzgibbons is a member of the management committee of the Investment Manager along with Mr. Wendt and Mr. Kirby (the “Management Committee”).

Deerpath provides advisory and investment management services to the following pooled investment vehicles:

- Deerpath Capital, LP, a Delaware limited partnership (“Deerpath Capital”)
- Deerpath Capital II, LP, a Delaware limited partnership (“Deerpath Capital II”)

Deerpath Capital has established a subsidiary, Deerpath Funding, LP (the “SBIC Partnership”). The SBIC Partnership has received from the U.S. Small Business Administration (“SBA”) a license as a Small Business Investment Company (“SBIC”), which gives the SBIC Partnership access to Federally guaranteed financing in the form of debentures. The SBIC Partnership was organized to facilitate the use of these debentures by Deerpath Capital. Each partner of Deerpath Capital is required by the SBA to be a limited partner in the SBIC Partnership, and no investor may, directly or indirectly, invest in the SBIC Partnership without making its investment through Deerpath Capital. Deerpath Capital and the SBIC Partnership are marketed and utilized as a single fund structure. Therefore, unless otherwise specified in this brochure, all references to Deerpath Capital in this brochure shall be deemed to include the SBIC Partnership. Each of Deerpath Capital and Deerpath Capital II may be referred to individually in this brochure as a “Fund” and together as the “Funds” or the “Deerpath Capital Funds.”

Deerpath Capital General Partner, LLC, a Delaware limited liability company, is the general partner of Deerpath Capital. Deerpath Capital was formed in 2008. Deerpath Capital II General Partner, LLC, a Delaware limited liability company, is the general partner of Deerpath Capital II. Deerpath Capital II was formed in 2011. Each of the general partners of the Deerpath Capital Funds (each, a “General Partner” and together, the “General Partners”) is an affiliate of the Investment Manager.

B. 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.

The Deerpath Capital Funds have similar investment strategies. The Investment Manager provides advisory services to the Deerpath Capital Funds with respect to privately negotiated investments in debt and equity of lower middle market companies. The Deerpath Capital Funds focus on investing in companies with annual revenues between \$10 million and \$100 million. The investment objective of the Deerpath Capital Funds is to seek attractive risk-adjusted returns by generating high levels of current income from debt investments and realizing capital appreciation from equity-oriented investments. The Deerpath Capital Funds emphasize strong downside protection, and focus on senior secured loans as their

preferred investment category. The Deerpath Capital Funds frequently will acquire warrants to purchase equity in connection with its loan investments. On an opportunistic basis, the Funds also will make direct equity investments.

The Deerpath Capital Funds intend to enhance returns by utilizing attractive external debt financing from the SBA in the form of SBA-guaranteed debentures. The SBIC Partnership has been licensed by the SBA as an SBIC. Deerpath Capital II has applied to be licensed by the SBA as an SBIC. Status as an SBIC provides a fund with access to federally guaranteed financing in the form of debentures. SBA-guaranteed debentures have a ten-year term and carry fixed interest rates that are generally lower than comparable bank debt and public debt.

The Deerpath Capital Funds seek to provide investors with (i) exposure to privately negotiated investments in lower middle market companies, which might otherwise be difficult for an investor to obtain, (ii) high levels of current income with strong downside protection in its debt investments, (iii) potential for equity upside through warrants and direct equity investments and (iv) enhancement of investor returns through attractive long-term external debt financing from the SBA-guaranteed debentures.

C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of *clients*. Explain whether *clients* may impose restrictions on investing in certain securities or types of securities.

Acting as the investment adviser or investment manager to the Deerpath Capital Funds is currently the only type of advisory services offered by the Investment Manager. The Investment Manager seeks to tailor its services to the needs of the Deerpath Capital Funds. With respect to the Funds, Deerpath typically does not tailor its advisory services to the individual needs of investors in the Funds; accordingly, it typically does not accept material investment restrictions imposed by such Fund investors.

Each of the Funds may from time to time enter into agreements (“Side Letters”) with one or more of their investors whereby in consideration for agreeing to invest certain amounts in a Fund and/or other consideration deemed sufficiently material, such investors may be granted favorable rights not afforded other investors in such Fund. Such rights may include one or more of the following: rights to receive notices that include information not typically provided to other investors that Deerpath believes are not prejudicial to other investors; rights to receive reduced rates of incentive fees/allocations and/or management fees earned by Deerpath, each General Partner and/or other affiliates; and such other rights as may be negotiated between the Fund, Deerpath and such investors. Such agreements may be entered into by the Fund and Deerpath without the consent of other investors in such Fund; additionally, except as may be required by “most-favored-nations” clauses, such agreements usually need not be disclosed to other investors in such Fund.

D. If you participate in *wrap fee programs* 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.

The Investment Manager does not participate in wrap fee programs.

E. If you manage *client* assets, disclose the amount of *client* assets you manage on a *discretionary basis* and the amount of *client* assets you manage on a *non-discretionary basis*. Disclose the date “as of” which you calculated the amounts.

As of March 31, 2012, the amount of client assets managed by the Investment Manager was approximately \$278 million, all on a discretionary basis. The Investment Manager does not manage any client assets on a non-discretionary basis.

Item 5
Fees and Compensation

A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.

Deerpath is compensated for its advisory services generally through a management fee charged to the Funds (the “Management Fee”). Deerpath typically receives a quarterly Management Fee from each Fund equal to 0.5% (2.0% per annum) (i) prior to and during the investment period of such Fund, of such Fund’s aggregate capital commitments and (ii) after the investment period of such Fund, of such Fund’s aggregate invested capital.

Each of the General Partners of Deerpath Capital and Deerpath Capital II receives an incentive allocation of profits of Deerpath Capital or Deerpath Capital II, as applicable, generally equal to 20% of profits after investors in the applicable Fund have received an 8% annual priority return (the “Carried Interest Distribution”).

Deerpath reserves the right to waive some or all fees for certain investors in the Funds, including for investors who are affiliated with Deerpath. Except as described in the following paragraph, the Management Fee and Carried Interest Distribution applicable to investors in the Funds are generally not negotiable.

As explained in Item 4.C above, Deerpath may enter into Side Letters with Fund investors, typically those with the largest aggregate investments in a Fund, whereby such investors are granted favorable rights not granted to other investors in the Fund, including, among other things, rights to receive reduced rates of Management Fees and/or Carried Interest Distributions earned by Deerpath, such Fund’s General Partner and/or other affiliates.

It is critical that investors refer to the relevant Fund’s offering documents for a complete understanding of how Deerpath 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.

B. Describe whether you deduct fees from *clients*’ assets or bill *clients* for fees incurred. If *clients* may select either method, disclose this fact. Explain how often you bill *clients* or deduct your fees.

In general, Deerpath receives a Management Fee based on a fixed percentage of each Fund investor’s committed capital. The Management Fee is generally deducted from client assets quarterly in advance.

In addition, the General Partners may receive a Carried Interest Distribution with respect to the Funds, based on, among other factors, paid-in capital contributions, proceeds received by the Funds and a priority return. The Carried Interest Distribution is generally deducted from each Fund’s assets upon the liquidation of the Fund and at such other times as determined by its General Partner. See Item 6 for additional information with respect to the Carried Interest Distribution.

It is critical that investors refer to the relevant Fund’s offering documents for a complete understanding of how Deerpath 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.

C. Describe any other types of fees or expenses *clients* may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that *clients* will incur brokerage and other transaction costs, and direct *clients* to the section(s) of your *brochure* that discuss brokerage.

Each of the Deerpath Capital Funds will pay the accounting fees, costs and expenses of the Fund, including without limitation, the annual audit of the Fund, the preparation of the annual and any interim financial statements of the Fund and the Federal and state tax returns of the Fund; taxes payable by the Fund; management compensation; costs and expenses associated with meetings of the limited partners of the Fund, communications with limited partners and preparation of Fund status reports; costs and expenses associated with informal meetings of limited partners with the General Partner; the costs and expenses of the advisory board; the legal fees, cost and expenses of counsel for the Fund in any legal action or proceeding, including threatened action, proceeding or investigation, and the amount of any judgments or settlements paid in connection with such action, proceeding or investigation; the legal and other fees, costs and expenses of and incidental to the purchase and sale (including finders' fees and fees associated with qualification and registration) of portfolio securities to the extent that such fees, costs and expenses are not paid by portfolio companies or others; all other legal fees, administrator fees, costs and expenses incident to the Fund, its formation, its management and activities; organization expenses of the Fund, its General Partner and the Investment Manager (subject to a maximum of \$500,000 with respect to Deerpath Capital and \$300,000 with respect to Deerpath Capital II); interest and other expenses relating to any Fund indebtedness; dues payable to trade associations, including the National Association of Small Business Investments Companies; bonding expenses; premiums for insurance protecting the Fund and the partners and employees of the General Partner, the Investment Manager and the Fund and other persons entitled to indemnification from the Fund from liabilities to third parties for activities on behalf of Fund; fees incurred by the Fund for special advisory or consulting services; securities filing fees; reservation, custodian and other fees; and all extraordinary fees, costs and expenses.

Generally, costs and expenses common to multiple Funds will be paid pro rata by such Funds based on the net asset value of the Funds or in the case of investment-related expenses, pro rata based on the amount invested by each Fund.

It is critical that investors refer to the relevant Fund's offering documents for a complete understanding of the fees and expenses they may pay in connection with an investment in such Fund. The information contained in this Item 5 is a summary only and is qualified in its entirety by the relevant Fund's offering documents.

D. If your *clients* either may or must pay your fees in advance, disclose this fact. Explain how a *client* 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.

As described in Item 5.B above, investors in the Funds generally pay management fees in advance. Withdrawals are generally not permitted, and, in the event of a mid-quarter withdrawal, Deerpath would generally not provide a refund of the current quarter's Management Fee that has already been paid.

E. If you or any of your *supervised persons* 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.

Not applicable.

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.

The Investment Manager has affiliates that act as the general partners of the Funds. Each of the General Partners is controlled by the Principals. As described in Item 5.B above, each of the General Partners may receive a Carried Interest Distribution.

Certain inherent conflicts of interest arise in connection with the management of the Deerpath Capital Funds, including the fact that the Principals, as well as the Investment Manager and their respective affiliates currently manage, and expect to continue to manage, other investment funds and accounts, some of which will have the ability to participate in similar types of investments as each Fund. Additionally, it should be noted that the possibility that Deerpath could receive performance-based compensation creates a potential conflict of interest in that it may create an incentive for Deerpath to effectuate larger and more risky transactions than would be the case in the absence of such form of compensation.

To the extent a particular investment is suitable for more than one account, such investment will be allocated among accounts *pro rata* based on available capital or in some other manner that the Investment Manager determines is fair and equitable under the circumstances to all clients. Each of the Deerpath Capital Funds has an advisory board comprised of limited partners in the Fund, and the General Partner may present potential conflicts of interest to the advisory board for review and advice.

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.

The Investment Manager currently provides advisory services to Deerpath Capital and Deerpath Capital II. The minimum commitment to the Funds is \$1,000,000, although the General Partners reserve the right to accept commitments of lesser amounts.

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

A. 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 clients should be prepared to bear.

The Deerpath Capital Funds focus on making privately negotiated investments in the debt and equity of lower middle market companies. The Investment Manager seeks to maintain strong downside protection by concentrating a high percentage of the Funds' capital in senior secured loans. In evaluating the attractiveness of potential investments, Deerpath analyzes the historical and expected future levels of cash flow generated by the portfolio company and how this compares to debt service requirements. Such analysis of company cash flows includes a review of the company and its industry. Deerpath generally assesses cash flow coverage of debt service requirements across a range of alternative forecasts for future cash flows. Deerpath also analyzes and estimates the expected value of the portfolio company in a sale to an unaffiliated third party buyer and compares this to the amount of value required to repay debt. In estimating the value of the portfolio company in a sale, Deerpath analyzes the valuations implied by publicly traded comparable companies and private market transactions involving comparable companies. Deerpath also considers the market-required yields for similar investments and compares these to the yields on the investments Deerpath seeks to make. These types of analyses involve judgments and estimates by the Investment Manager and this type of investing involves potential risk of losses by the investors.

The Funds have broad and flexible investment authority. Deerpath may have other investment strategies or methods of analysis, or engage in other activities, than those described in this brochure. It is critical that investors refer to the relevant Fund's offering documents for a complete understanding of the 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.

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.

B. 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.

An investment in one of the Deerpath Capital Funds is speculative, involves a high degree of risk and is suitable only for persons of adequate financial means who have no need for liquidity in this investment. There can be no assurances or guarantees that (i) the Fund's investment objective will be realized, (ii) the Fund's investment strategy will prove successful, or (iii) investors will not lose all or a portion of their investment in the Fund. Prospective investors should carefully consider, with their respective financial, tax and legal advisors, the following risk factors before subscribing. Please note that the following is not meant to be an exhaustive listing of all potential risks associated with investing in a Fund.

General. All investments risk the loss of capital. No guarantee or representation can be made that the Fund will achieve its investment objective, will achieve gains for its investors, or will not incur

substantial losses. Markets in which the Deerpath Capital Funds invest are subject to fluctuations. The market value of any particular investment may be subject to substantial variation. Securities in which the Deerpath Capital Funds invest may be issued by unstable or unseasoned issuers.

Concentration of Investments. Deerpath will generally seek to maintain a diversified portfolio, but the Deerpath Capital Funds may at certain times hold relatively few investments. Accordingly, although Deerpath expects to spread the Funds' capital among a number of investments, the Funds may depart from such policy from time to time and may hold a few, relatively large positions in relation to their capital, but subject to certain percentage limitations. The result of any concentration of investment is that a loss in any such position could significantly reduce their capital, which would have an adverse impact on their operating results.

Available Information. Deerpath selects investments for the Funds in part on the basis of information and data filed by the issuers of securities with various government regulators or made directly available to Deerpath by such issuers, or through sources other than the issuers. Although Deerpath evaluates all such information and data and seeks independent corroboration when Deerpath considers it appropriate and when it is reasonably available, Deerpath is not in a position to confirm the completeness, genuineness or accuracy of such information and data, and in some cases complete and accurate information is not readily available.

Leverage. The Deerpath Capital Funds will employ leverage. While leverage presents opportunities for increasing their total return, it also carries risks. First, no assurance can be given that their investment portfolios will generate any income in excess of leverage costs (which can fluctuate as a function of changes in interest rates). Second, leverage has the effect of potentially increasing losses, since amounts borrowed in order to make a given investment must be repaid regardless of the performance of the investment. Accordingly, any reduction in the value of an investment would be magnified to the extent the Deerpath Capital Funds are leveraged. To the extent that a lender has provided leverage to either of the Deerpath Capital Funds, such lender has a claim on such Fund's assets that is senior to the rights of the Fund's investors. Accordingly, if the Fund's losses were to exceed the amount of capital invested, an investor could lose its entire investment. As a result of the use of such leverage, the level of interest rates generally, and the rates at which such borrowings are incurred, may strongly affect the operating results of the Deerpath Capital Funds.

Nature of Investments; Inherent Illiquidity and Volatility. While Deerpath expects to focus on senior secured loans, the investments of the Deerpath Capital Funds may include debt investments that are unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured and bear floating interest rates. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the Deerpath Capital Funds may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect their returns. Furthermore, the companies and securities in which the Deerpath Capital Funds will invest generally will not be rated by a credit rating agency.

The Deerpath Capital Funds expect to make or purchase loans, a substantial portion of which will be illiquid and have no, or only a limited, trading market. Their investment in illiquid loans may restrict their ability to dispose of investments in a timely fashion and for a fair price and may result in the inability to pursue other favorable investment opportunities. Because of the unique and customized nature of most loan agreements, loans cannot be sold as easily as publicly traded securities. In addition, the Deerpath Capital Funds expect to invest in privately placed loans that may or may not be freely transferable under the laws of the applicable jurisdiction or due to contractual restrictions on resale, and even if such privately placed loans are transferable, the prices realized from their sale could be less than

those originally paid by the Deerpath Capital Funds or less than what may be considered the fair value of such obligations.

A non-investment grade loan or debt obligation or an interest therein is generally considered speculative in nature and may become non-performing for a variety of reasons. Such non-performing loans may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate, a substantial write down of the principal amount of the loan and/or the deferral of payments. In addition, such negotiations or restructuring may be quite extensive and protracted over time and, therefore, may result in substantial uncertainty with respect to the ultimate recovery. The Deerpath Capital Funds may also incur additional expenses to the extent they are required to seek recovery upon a default on a loan or participate in the restructuring of such obligation. The liquidity for defaulted loans may be limited, and to the extent that defaulted loans are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon. In connection with any such defaults, workouts or restructuring, although the Deerpath Capital Funds may exercise voting rights with respect to an individual loan, they may not be able to exercise votes in respect of a sufficient percentage of voting rights with respect to such loan to determine the outcome of such vote.

The market value of the Deerpath Capital Funds' loans may be volatile and will generally fluctuate due to a variety of factors that are inherently difficult to predict, including, among other things, the financial condition of the obligors on or issuers of the loans, general economic conditions, the condition of certain financial markets, domestic and international economic or political events, developments or trends in any particular industry, prevailing credit spreads and changes in prevailing interest rates.

Insolvency Considerations With Respect to Issuers of Loans; Lender Liability; Equitable Subordination. One or more of the issuers of loans acquired by the Deerpath Capital Funds may become involved in bankruptcy or similar proceedings. 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. Second, the effect of a bankruptcy filing on a company may adversely and permanently affect the company. If the proceeding is converted to a 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 impacted 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. Fifth, bankruptcy law permits the classification 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 Deerpath Capital Funds' influence with respect to the class of obligations or securities they own can be lost by increases in the number and amount of claims in that class or by different classification and treatment of claims. 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, certain claims that have priority by law (for example, claims for taxes) may be quite significant and debtor in possession financing can under certain circumstances "prime" the security interest that the Deerpath Capital Funds may have in the debtor's property.

In addition, it is possible that a court may invalidate, in whole or in part, the indebtedness underlying a loan as a fraudulent conveyance, subordinate such indebtedness to existing or future creditors of the obligor or recover amounts previously paid by the obligor in satisfaction of such indebtedness. In particular, a court could make such a determination if, in a lawsuit brought by a creditor

or representative of creditors of an obligor on a loan, the court were to find that the obligor did not receive fair consideration or reasonably equivalent value for incurring the indebtedness constituting the loan and, after giving effect to such indebtedness and the use of the proceeds thereof, the obligor (i) was insolvent, (ii) was engaged in a business for which the remaining assets of such obligor 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. There can be no assurance as to what standard a court would apply in order to determine whether the obligor was “insolvent” or that, regardless of the method of valuation, a court would not determine that the obligor was “insolvent,” in each case, after giving effect to the incurrence of such loan and the use of the proceeds thereof. In addition, in the event of the bankruptcy of an obligor under a loan acquired by the Deerpath Capital Funds, payments made on the loan may be subject to avoidance as a “preference” if made within a certain period of time (which may be as long as one year under Federal bankruptcy law or even longer under state laws) before bankruptcy.

In general, if payments on a loan are avoidable, whether as fraudulent conveyances or preferences, such payments can be recaptured from the Deerpath Capital Funds.

In addition, a number of judicial decisions in the United States have upheld the right of borrowers to sue lenders or bondholders on the basis of various evolving legal theories (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that an institutional lender or bondholder has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or issuer or has assumed a degree of control over the borrower or issuer resulting in the creation of a fiduciary duty owed to the borrower or issuer or its other creditors or shareholders. Because of the nature of the loans intended to be acquired by the Deerpath Capital Funds, the Funds may be subject to allegations of lender liability.

Furthermore, under common law principles that in some cases form the basis for lender liability claims, if a lender or bondholder (a) intentionally takes an action that results in the under capitalization of a borrower to the detriment of other creditors of such borrower, (b) engages in other inequitable conduct to the detriment of such other creditors, (c) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (d) uses its influence as a stockholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called “equitable subordination.” Because of the nature of the loans intended to be acquired by the Deerpath Capital Funds, they may be subject to claims from creditors of an obligor that loans issued by such obligor that are held by the Deerpath Capital Funds should be equitably subordinated.

Borrower Fraud. Of paramount concern in originating loans is the possibility of material misrepresentation or omission on the part of borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or may adversely affect the ability of the Deerpath Capital Funds to perfect or effectuate a lien on the collateral securing the loan. The Deerpath Capital Funds will do their own due diligence on the borrowers, but will also rely upon the accuracy and completeness of certain representations made by borrowers to the extent reasonable. The Deerpath Capital Funds cannot guarantee such accuracy or completeness of borrower representations.

Economic Conditions. Changes in economic conditions, including changes in interest rates, inflation rates, industry conditions, government regulation, competition, technological developments, political events and trends, tax laws and many other factors can affect substantially and adversely the business and prospects of the Deerpath Capital Funds. None of these conditions is within the control of Deerpath.

Prime Broker Insolvency. The business relationship between the Deerpath Capital Funds and their respective brokers will be that of debtor/creditor and accordingly the insolvency of a broker may result in the Deerpath Capital Funds being in no better position than any other unsecured creditor of such broker.

*The Deerpath Capital Funds and prospective investors in the Deerpath Capital Funds are provided with offering documents, including a confidential private placement memorandum, for the respective Deerpath Capital Fund that provide a detailed description of the material risks related to an investment in that Deerpath Capital Fund. Such investors are advised to carefully review **all** risk factors set forth in those documents.*

C. 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.

General Risks of Secured Loans. The Deerpath Capital Funds focus on senior secured loans as their preferred asset category. While senior secured loans originated or purchased by a Fund will often be over-collateralized, each Fund may be exposed to losses resulting from default and foreclosure. Therefore, the value of the underlying collateral, the creditworthiness of the borrower and the priority of the lien are each of great importance. The Funds cannot guarantee the adequacy of the protection of their interests, including the validity or enforceability of the loan, the maintenance of the anticipated priority or the perfection of the applicable security interests. Compounding these risks, the collateral securing loans will often be subject to casualty or devaluation risks. Even where debt held by a Fund is secured by a perfected lien over a substantial portion of the assets of a borrower and its subsidiaries, the borrower and its subsidiaries will often be able to incur additional indebtedness, which may, in some cases, have an exclusive lien over particular assets. As a result of the liens granted to the holders of such additional indebtedness, in the event of liquidation, reorganization, insolvency, dissolution or bankruptcy of a borrower, holders of such other secured debt instruments may have priority that ranks senior to the investment in that borrower with respect to such assets. Furthermore, these other assets over which other lenders have a lien may be substantially more liquid or valuable than the assets over which the Funds may have liens. In some cases, the borrowers may also be permitted to issue other indebtedness that ranks in parity in right of payment or as to the proceeds of collateral with debt securities in which the Funds invest, in which event, the Funds would have to share on an equal basis any distributions with other creditors holding such debt in the event of a liquidation, reorganization, insolvency, dissolution or bankruptcy of the relevant borrower. In addition, where a Fund holds a first-lien to secure senior indebtedness owed to the Fund, the borrowers may be permitted to issue other senior debt with liens that rank junior to the first-liens granted to the Fund. The intercreditor rights of the holders of such other junior lien debt may, in any liquidation, reorganization, insolvency, dissolution or bankruptcy of the relevant borrower, affect the recovery that the Fund would have been able to achieve in the absence of such other debt.

Investments in Middle-Market Companies. Each of the Deerpath Capital Funds intends to focus on investing in lower middle market companies. Many of these companies will be private. Investment in these companies involves a number of significant risks including:

- limited financial resources, inability to meet their obligations under their debt securities, deterioration in the value of any collateral;
- shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns;

- dependence on the management talents and efforts of a small group of persons, which means that the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on a portfolio company and, in turn, on the Funds;
- generally have less predictable operating results, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion or maintain their competitive position; and
- little public information making it difficult to make a fully informed investment decision.

Subordinated Loans. While the Funds will seek to originate primarily first-lien loans, they may acquire and/or originate subordinated loans, which will entail risks, including (i) the subordination of claims to a senior-lien in terms of the coverage and recovery of the collateral, (ii) the prohibition of or limitation on the right to foreclose or exercise other rights, and (iii) the inability to make certain decisions with respect to the obligor pursuant to any inter-creditor or similar arrangement with the first-lien lender. Accordingly, in certain cases, no recovery may be available from a defaulted subordinated loan. The level of risk associated with investments in subordinated loans increases to the extent such investments are loans of distressed or below investment grade issuers, which is likely.

Nonperformance. Loans held by the Funds may become non-performing for a variety of reasons. Such non-performing loans may require substantial workout negotiations or restructuring that may entail, among other things, a substantial reduction in the interest rate, a substantial write down of the principal amount of the loan and/or the deferral of payments. In addition, such negotiations or restructuring may be quite extensive and protracted over time and, therefore, may result in substantial uncertainty with respect to the ultimate recovery. The Funds may also incur additional expenses to the extent they are required to seek recovery upon a default on a loan or participate in the restructuring of such obligations. The liquidity for defaulted loans may be limited, and to the extent that defaulted loans are sold, it is highly unlikely that the proceeds from such sale will be equal to the amount of unpaid principal and interest thereon. In connection with any such defaults, workouts or restructuring, although the Funds may exercise voting rights with respect to individual loans, the Funds may not be able to exercise votes in respect of a sufficient percentage of voting rights with respect to any such loans to determine the outcome of such vote.

Non-Controlling Investments. Deerpath anticipates that the Funds will principally hold debt obligations and other non-controlling interests in portfolio companies and, therefore, will have a limited ability to influence management of their portfolio companies to protect their position in such portfolio companies. However, Deerpath will seek appropriate creditor and shareholder rights to help protect the respective interests of the Deerpath Capital Funds.

Distressed Securities. The Deerpath Capital Funds may invest in “distressed securities” - securities, private claims and obligations of domestic and foreign entities which are experiencing significant financial or business difficulties. Investments may include loans, commercial paper, loan participations, trade claims held by trade or other creditors, stocks, partnership interests and similar financial instruments, executory contracts and options or participations therein not publicly traded. Distressed securities may result in significant returns to the Deerpath Capital Funds, but also involve a substantial degree of risk. The Deerpath Capital Funds may lose a substantial portion or all of their investment in a distressed environment or may be required to accept cash or securities with a value less than their investment. Among the risks inherent in investments in entities experiencing significant financial or business difficulties is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and

the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. The market prices of such instruments are also subject to abrupt and erratic market movements and above average price volatility and the spread between the bid and asked prices of such instruments may be greater than normally expected. In trading distressed securities, litigation sometimes arises. Such litigation can be time-consuming and expensive and can frequently lead to unpredicted delays or losses.

Long-Term Investments. Investment in the Deerpath Capital Funds requires a long-term commitment with no certainty of return. Many of the investments of the Deerpath Capital Funds will be highly illiquid, and there can be no assurance that they will be able to realize on such investments in a timely manner.

Limited Number of Investments. The Deerpath Capital Funds are expected to make only a limited number of investments, and as a consequence, the aggregate return on their investments may be substantially adversely affected by the unfavorable performance of even a single investment by them. Other than as set forth in the partnership agreements of the Deerpath Capital Funds, limited partners of the Funds have no assurance as to the degree of diversification in the Deerpath Capital Funds' investments, either by geographic region or asset type.

Investments Longer than Term. The Deerpath Capital Funds expect to make investments which may not be advantageously disposed of prior to the date that they will be dissolved, either by expiration of their terms or otherwise. Although Deerpath expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution and there is a limited ability to extend the term of the Deerpath Capital Funds, the Deerpath Capital Funds may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

Distributions In Kind. Deerpath intends to make distributions in cash, except marketable securities. However, upon liquidation of the Funds, distributions may be made in kind and could consist of securities for which there is no readily available public market.

High Risk Investments. The Deerpath Capital Funds may invest in debt and equity securities, accounts and notes payable, loans, private claims and other financial instruments and obligations of troubled companies which may result in significant returns to the Funds, but which involve a substantial degree of risk. The Funds may lose their entire investments in troubled companies, may be required to accept cash or securities with a value less than the Funds' investments and may be prohibited from exercising certain rights with respect to such investments. Troubled company investments may not show any returns for a considerable period of time. Funding a plan of reorganization involves additional risks, including risks associated with equity ownership in the reorganized entity. Troubled company investments may be adversely affected by state and federal laws relating to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims. Investments in securities and private claims of troubled companies made in connection with an attempt to influence a restructuring proposal or plan of reorganization in a bankruptcy case may also involve substantial litigation.

Use of Leverage by Portfolio Companies. The portfolio companies in which the Deerpath Capital Funds will invest may be highly leveraged, thereby increasing the degree of credit risk inherent in each investment. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs or to pay principal and interest on the Deerpath Capital Funds' investments when due. The leveraged capital structure of portfolio companies will increase the exposure of the Deerpath Capital Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates.

Follow-On Investments. In certain investments, the Deerpath Capital Funds may be called upon to provide additional funds to a portfolio company. There is no assurance that they will make such follow-on investment or that they will have sufficient funds to make such investments.

Equity Securities. The Deerpath Capital Funds may invest in equity securities. Such investments will be subordinate to the claims of an issuer's creditors and, to the extent such securities are common securities, preferred stockholders. Dividends customarily paid to equity holders can be suspended or cancelled at any time. For the foregoing reasons, investments in equity securities can be highly speculative and carry a substantial risk of loss of principal.

Currency Exposure. The assets of the Deerpath Capital Funds may be invested in securities and other investments which are denominated in currencies other than U.S. Dollars or in securities issued by companies with substantial non-U.S. Dollar assets. Accordingly, the value of such assets may be affected favorably or unfavorably by fluctuations in currency rates. The General Partners of the Deerpath Capital Funds may seek to hedge the foreign currency exposure of the Funds. In addition, prospective investors whose assets and liabilities are predominately in other currencies should take into account the potential risk of loss arising from fluctuations in value between the U.S. Dollar and other currencies.

Foreign Securities. There are certain additional risks involved in investing in securities of non-U.S. issuers. These risks include those resulting from fluctuations in currency exchange rates, revaluation of currencies, future adverse political and economic developments and the possible imposition of foreign governmental laws or restrictions, reduced availability of public information concerning issuers, the lack of uniform accounting, auditing and financial reporting standards and other regulatory practices and requirements that are often less rigorous than those applied in the U.S. Securities of many foreign companies may be less liquid and their prices more volatile than those of securities of comparable U.S. companies. Certain foreign countries are known to experience long delays between the trade and settlement dates of securities purchased or sold. Moreover, individual foreign economies may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross national product, rate of inflation, capital reinvestment, resource self-sufficiency and balance of payments positions. Investment in foreign securities may also result in higher operating expenses due to the cost of converting foreign currency into U.S. Dollars.

Economic Conditions. Changes in economic conditions, including changes in interest rates, inflation rates, industry conditions, government regulation, competition, technological developments, political events and trends, tax laws and many other factors can affect substantially and adversely the business and prospects of the Funds. None of these conditions is within the control of Deerpath.

Prime Broker Insolvency. The business relationship between the Funds and their brokers will be that of debtor/creditor and accordingly the insolvency of a broker may result in the Funds being in no better position than any other unsecured creditor of such broker.

Debentures. Debentures are 10-year unsecured loans to the Funds provided by the SBA. Upon liquidation of the Funds, both unpaid principal and accrued interest will have priority over payment of amounts due to investors in the Funds. Upon the occurrence of an event of default under the agreements pursuant to which the Funds issue debentures, or as provided in SBA regulations, the SBA may accelerate the maturity date of the debentures and declare their principal amount, together with accrued interest, to be immediately due and payable. While use of SBA Leverage may enhance the returns to the limited partners if the Funds meet their investment objectives, returns to the limited partners may be reduced or eliminated if the returns are less than the costs of operating the Funds, including the costs attributable to using the debentures.

Limitations on Transfers. An investor's limited partner interests in Deerpath Capital may not be transferred separately from such investor's interest as a Class B Partner of the SBIC Partnership. Moreover, the SBA currently takes the position that no interest in the SBIC Partnership (and thus in Deerpath Capital) or Deerpath Capital II may be transferred without its consent. In addition, in order to secure the SBA leverage, certain significant investors may be required to provide the SBA with their written agreement (i) not to transfer their Interests without the SBA's consent and (ii) to be liable for repayment of the SBA-provided debentures if the investor participates in an impermissible change in control of a Deerpath Capital Fund. Current SBA policy requires such an agreement from investors with a 50% or greater interest in a Fund.

SBA Funding. Becoming licensed as an SBIC does not guarantee that a Fund will receive SBA debenture funding. Receipt of SBA leverage funding is dependent upon the Fund continuing to be in compliance with SBA regulations and policies and the availability of funding. The amount of SBA leverage funding available to SBICs is dependent upon annual Congressional authorizations and in the future, may be subject to annual Congressional appropriations. There can be no assurance that there will be sufficient SBA debenture funding available at the times desired by the Funds.

SBA Regulations. The Funds will be subject to SBA regulations and policies that may change during the life of the Funds in ways that might require the Funds to alter their business activities. Current SBA regulations provide the SBA with certain rights and remedies if an SBIC violates SBA regulations or policies. If a Fund issues SBA leverage, it will be required to avoid "Capital Impairment" which will be considered to exist if the Fund's "Capital Impairment Ratio" (calculated by adding such Fund's realized losses and net unrealized depreciation¹ and dividing the result by such Fund's private capital) exceeds permitted levels detailed in the regulations and which vary depending on the proportion of equity investments made by the Fund. Remedies for regulatory violations are graduated in severity depending on the seriousness of Capital Impairment or other regulatory violation. For minor regulatory infractions, warnings are given. For serious infractions, the use of SBA leverage may be limited or prohibited, outstanding SBA debentures can be declared to be immediately due and payable, restrictions on distributions and making new investments may be imposed, management fees may be required to be reduced and investors may be required to pay their unfunded capital commitments to the Fund. In severe cases, the SBA may require removal of the General Partner of the Fund or its officers or directors, or the SBA may obtain appointment of a receiver for the Fund.

Limitations on Distributions. Pursuant to SBA regulations, an SBIC with outstanding SBA debentures may distribute cumulative realized profits (less unrealized losses on investments) to its investors, but it may not return more than 2% of its outstanding capital to investors in any fiscal year without the SBA's prior approval. Historically, the SBA has permitted repayments in excess of 2% only pursuant to an approved "wind-up" plan filed by an SBIC pursuant to which the SBA determines that repayment of the outstanding SBA debentures is adequately assured. These limits on distributions may result in investors in the Funds receiving "phantom income."

Investment Limitations. SBA Regulations place restrictions on the companies in which an SBIC can invest and on certain terms of investments by SBICs, thereby restricting the companies that the Funds can finance and potentially adversely affecting the returns on investments. An SBIC can only invest in a "small business concern." For purposes of this limitation a "small business concern" is one that (i) has tangible net assets of not more than \$18 million and average net income after Federal taxes not in excess

¹ The actual calculation is complex as certain types of unrealized appreciation are not fully credited.

of \$6 million for the previous two years or (ii) meets a certain maximum size test for its industry measured in number of employees or annual receipts (“Alternative Criteria”). In addition, as a condition to drawing leverage from the SBA, an SBIC must invest 25% of the aggregate amount of its financings in smaller enterprises, that is companies that have a net worth of not more than \$6 million and average net income after Federal income taxes not in excess of \$2 million for the previous two years or that meet the Alternative Criteria. An SBIC generally cannot invest in relenders or reinvestors, passive businesses, many types of real estate businesses, project financing, oil and gas ventures or foreign companies. Without SBA approval, an SBIC is prohibited from a variety of investments that present conflicts of interest. Rules govern amortization, the maximum interest rates that can be charged on loans or loans with equity features, the minimum term of investments (generally one year) and the redemption price for equity securities.

*The Deerpath Capital Funds and prospective investors in the Deerpath Capital Funds are provided with offering documents, including a confidential private placement memorandum, for the respective Deerpath Capital Fund that provide a detailed description of the material risks related to an investment in that Deerpath Capital Fund. Such investors are advised to carefully review **all** risk factors set forth in those documents.*

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.

There have been no legal or disciplinary events material to a client's or prospective client's evaluation of the Investment Manager's advisory business or the integrity of its management.

Item 10
Other Financial Industry Activities and Affiliations

A. If you or any of your *management persons* are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.

Not applicable.

B. If you or any of your *management persons* 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.

Not applicable.

C. Describe any relationship or arrangement that is material to your advisory business or to your *clients* that you or any of your *management persons* have with any *related person* listed below. Identify the *related person* and if the relationship or arrangement creates a material conflict of interest with *clients*, describe the nature of the conflict and how you address it.

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

The General Partners act as the general partners to their respective Deerpath Capital Fund, and Deerpath acts as the investment manager to each of the Deerpath Capital Funds. Deerpath and its management persons have no other relationships or arrangements with any of the related persons listed above that are material to Deerpath’s advisory business or its clients.

D. If you recommend or select other investment advisers for your *clients* 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.

Not applicable.

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

A. 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 *client* or prospective *client* upon request.

Deerpath has established a variety of restrictions, procedures and disclosures designed to address potential conflicts of interest arising between and among Fund accounts as well as between Fund accounts and its personnel.

Deerpath strives to adhere to the highest industry standards of integrity, professionalism and trust. To this end, Deerpath has adopted a code of ethics ("Code of Ethics") intended to protect against misuse of material non-public information in trading, ensure that Deerpath and its employees do not engage in activities that conflict with the interest of our clients and ensure that Deerpath and its employees adhere to policies intended to eliminate so-called "pay to play" practices when soliciting business. Each employee is required to report to Deerpath's compliance committee any known or suspected violations of the Code of Ethics or law.

Each newly hired employee receives a copy of the Code of Ethics and is required to certify that he or she has read and understands it. Training is provided for employees with respect to the Code of Ethics and their duties under it. On an annual basis, each Deerpath employee must certify that he or she has read and understands the Code of Ethics, has complied with its provisions and has disclosed, pre-cleared and arranged for the reporting of all transactions in securities consistent with the requirements of the Code of Ethics.

A copy of Deerpath's Code of Ethics is available to any client or prospective client upon request.

B. If you or a *related person* recommends to *clients*, or buys or sells for *client* accounts, securities in which you or a *related person* has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

As explained in Item 10.C above, Deerpath acts as the investment manager for each of the Funds. The General Partners act as the general partners for each of the Funds.

Deerpath, 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 Deerpath, 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 Deerpath to make different investment decisions than if they did not have such a financial ownership interest. Further, Deerpath charges the Funds fees based on a percentage of assets under management via the Management Fee and performance via the Carried Interest Distribution. The Management Fee is payable without regard to the overall success or income earned by the Funds and therefore may create an incentive on the part of Deerpath to raise or otherwise increase assets under management to a higher level than would be the case if Deerpath were receiving a lower or no Management Fee. The receipt of a Carried Interest Distribution may create an incentive for Deerpath to make investments that are riskier or more speculative than it otherwise would.

Deerpath has adopted rules intended to detect and prevent conflicts of interest that arise when Deerpath's related persons own, buy or sell securities. The Code of Ethics requires Deerpath employees

to place the interest of clients first, and on an annual basis each Deerpath employee must certify that he or she has read and understands the Code of Ethics and has complied with its provisions. Each Deerpath employee is required to adhere to Deerpath's personal trading rules.

C. If you or a *related person* invests in the same securities (or related securities, *e.g.*, warrants, options or futures) that you or a *related person* recommends to *clients*, 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.

Although Deerpath generally does not permit a Principal or employee of Deerpath to invest in the same securities as one of the Deerpath Capital Funds, Deerpath, 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 Deerpath's Code of Ethics. In order to manage this conflict of interest, Deerpath's Code of Ethics requires related persons of Deerpath to obtain prior written approval from the Chief Compliance Officer before engaging in most 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, Deerpath has established a Restricted List in the event that Deerpath 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 Restricted List.

D. If you or a *related person* recommends securities to *clients*, or buys or sells securities for *client* accounts, at or about the same time that you or a *related person* buys or sells the same securities for your own (or the *related person's* own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.

Please see Item 11.C above.

Item 12
Brokerage Practices

A. Describe the factors that you consider in selecting or recommending broker-dealers for *client* transactions and determining the reasonableness of their compensation (e.g., commissions).

Research and Other Soft Dollar Benefits. 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.

- a. Explain that when you use *client* 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 *clients’* interest in receiving most favorable execution.**
- c. If you may cause *clients* 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 *clients’* accounts or only those that paid for the benefits. Disclose whether you seek to allocate soft dollar benefits to *client* accounts proportionately to the soft dollar credits the accounts generate.**
- e. Describe the types of products and services you or any of your *related persons* acquired with *client* brokerage commissions (or markups or markdowns) within your last fiscal year.**
- f. Explain the procedures you used during your last fiscal year to direct *client* transactions to a particular broker-dealer in return for soft dollar benefits you received.**

As a result of Deerpath’s focus on making privately negotiated investments in the debt and equity of middle market companies, Deerpath buys or sells public securities through broker-dealers infrequently. As such, commissions paid to broker-dealers are not a material expense of the Deerpath Capital Funds. In the event that Deerpath does use a broker-dealer for limited purposes, Deerpath generally seeks to obtain best execution of transactions. In doing so, Deerpath seeks to execute securities transactions for the Deerpath Capital Funds in such a manner that the Funds’ total costs or proceeds in each transaction are the most favorable under the circumstances. In assessing whether that standard is met, Deerpath shall consider the full range and quality of a counterparty’s services when placing orders, including, among other things, execution capability, commission rate or spread, financial responsibility and responsiveness and the value of any research services provided.

2. Brokerage for Client Referrals. If you consider, in selecting or recommending broker-dealers, whether you or a *related person* receives *client* referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.

- a. Disclose that you may have an incentive to select or recommend a broker-dealer based on your interest in receiving *client* referrals, rather than on your *clients'* interest in receiving most favorable execution.
- b. Explain the procedures you used during your last fiscal year to direct *client* transactions to a particular broker-dealer in return for *client* referrals.

Not Applicable.

3. Directed Brokerage.

- a. If you routinely recommend, request or require that a *client* direct you to execute transactions through a specified broker-dealer, describe your practice or policy. Explain that not all advisers require their *clients* 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 *client* transactions, and that this practice may cost *clients* more money.
- b. If you permit a *client* to direct brokerage, describe your practice. If applicable, explain that you may be unable to achieve most favorable execution of *client* transactions. Explain that directing brokerage may cost *clients* more money. For example, in a directed brokerage account, the *client* may pay higher brokerage commissions because you may not be able to aggregate orders to reduce transaction costs, or the *client* may receive less favorable prices.

Not Applicable.

B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various *client* accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to *clients* of not aggregating.

Given Deerpath's focus on making privately negotiated investments in the debt and equity of lower middle market companies, the assets in which the Funds invest generally are not publicly traded securities and the manner in which the Funds invest generally is not by purchasing publicly traded securities through a broker. The issue of aggregating the purchase or sale of securities for various client accounts is less important for the Funds than it would be for other funds investing in public securities. The Funds may have overlapping investment programs. If Deerpath determines that it would be appropriate for more than one Fund to participate in an investment opportunity, the investments by the different Funds would generally be on the same price and terms. In such instances, Deerpath will allocate opportunities on a basis believed to be fair and equitable given the circumstances; no participating Fund will receive preferential treatment over any other.

The classification of an investment opportunity as appropriate or inappropriate for a particular Fund or any other Fund shall be made by Deerpath, 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 Deerpath, between the appropriate Funds pro rata based on available capital or in some other manner that Deerpath determines is fair and equitable in light of the respective investment objectives and other circumstances of the Funds.

Item 13
Review of Accounts

A. Indicate whether you periodically review *client* accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the *supervised persons* who conduct the review.

Deerpath performs a quarterly valuation review for each investment held by each of the Deerpath Capital Funds. Deerpath reports quarterly financial results based on these valuation updates to the investors in the Deerpath Capital Funds. Deerpath provides third-party audited financial statements to the investors in each of the Deerpath Capital Funds on an annual basis. Deerpath also conducts and provides periodic reviews and reporting to the SBA as required by the SBA. This includes providing third-party audited financial statements on the SBIC Partnership and Deerpath Capital II to the SBA.

These reviews and reports are conducted and prepared by the following individuals:

Gary C. Wendt, Chairman
James H. Kirby, President
John B. Fitzgibbons, Vice Chairman
Anish K. Bahl, Chief Financial Officer, Chief Compliance Officer

B. If you review *client* accounts on other than a periodic basis, describe the factors that trigger a review.

See Item 13.A above.

C. Describe the content and indicate the frequency of regular reports you provide to *clients* regarding their accounts. State whether these reports are written.

See Item 13.A above.

Item 14
Client Referrals and Other Compensation

A. If someone who is not a *client* provides an economic benefit to you for providing investment advice or other advisory services to your *clients*, 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.

Not Applicable.

B. If you or a *related person* directly or indirectly compensates any *person* who is not your *supervised person* for *client* referrals, describe the arrangement and the compensation.

Deerpath has utilized the services of outside placement agents when soliciting commitments from certain investors to the Deerpath Capital Funds. Services provided by the outside placement agents were making introductions and facilitating discussions with potential investors in the Deerpath Capital Funds. Deerpath generally pays such placement agents a fee based on a formula tied to the dollar amount of commitments from investors whom they introduce to Deerpath. Currently, Deerpath has no such arrangements with any outside placement agent but may in the future.

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.

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

JP Morgan Chase Bank, NA
270 Park Ave. 42nd Floor
New York, NY 10017

The investors in the Deerpath Capital Funds generally receive reporting directly from Deerpath. They do not receive account statements from other custodians or other outside parties. Deerpath reasonably believes that all investors in 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. Deerpath may use additional qualified custodians in the future.

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).

Deerpath and the General Partners have discretionary authority to manage the investments of the Funds. Deerpath and the General Partners are authorized to make all investment decisions for the Funds. Individual investors in the Funds do not have the ability to impose limitations on Deerpath'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

A. If you have, or will accept, authority to vote *client* 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 *clients* can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your *clients* with respect to voting their securities. Describe how *clients* may obtain information from you about how you voted their securities. Explain to *clients* that they may obtain a copy of your proxy voting policies and procedures upon request.

Given their focus on making privately negotiated investments in the debt and equity of lower middle market companies, the Deerpath Capital Funds rarely will be in a position to vote on behalf of public securities. The Deerpath Capital Funds are pooled investment vehicles and each is controlled by its General Partner. All voting with respect to securities owned by the Deerpath Capital Funds is controlled by the General Partner of each respective Fund and implemented by Deerpath upon direction by the General Partner in accordance with Deerpath's proxy voting policies and procedures.

Deerpath's proxy voting policies and procedures are available to investors and prospective investors in the Funds upon request. Existing clients may obtain copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund.

B. If you do not have authority to vote *client* securities, disclose this fact. Explain whether *clients* 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) *clients* can contact you with questions about a particular solicitation.

Not applicable.

Item 18
Financial Information

A. If you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, include a balance sheet for your most recent fiscal year.

- 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.**

Not Applicable.

B. If you have *discretionary authority* or *custody* of *client* funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per *client*, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to *clients*.

Deerpath is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients.

C. 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.

Not applicable.