

**ITEM 1
COVER PAGE**

PART 2A OF FORM ADV: FIRM BROCHURE

MSDC Management, L.P.

April 2012

MSDC Management, L.P.

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This brochure (this "Brochure") provides information about the qualifications and business practices of MSDC Management, L.P. If you have any questions about the contents of this Brochure, please contact us at (212) 303-1634 or apolland@msdcmanagement.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.

MSDC Management, L.P. is registered as an investment adviser with the SEC. Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.

Additional information about MSDC Management, L.P. is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2
MATERIAL CHANGES

There are no material changes to report from the last Brochure filed by MSDC Management, L.P. If MSDC Management, L.P. makes any material changes to this Brochure, this section will be revised to include a summary of such changes.

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ITEM 4

ADVISORY BUSINESS

General Description of Advisory Firm

MSDC Management, L.P. (the "Investment Adviser" or "MSDC"), a Delaware limited partnership, was formed in July 2009 and provides investment management and certain administrative and managerial services to private investment funds (each, a "Fund" or "Client" and, collectively, the "Funds" or "Clients"). The Investment Adviser was formed by the principals of MSD Capital, L.P. ("MSD"), which is a family office that was founded in 1998 to exclusively manage the capital of Michael Dell and his family.

Glenn R. Fuhrman and John C. Phelan are Co-Managing Partners of the Investment Adviser and control the Investment Adviser as Members of MSDC Management (GP), LLC, MSDC's general partner.

Description of Advisory Services

The Investment Adviser serves as the management company with discretionary trading authority to a number of Funds that are offered on a private placement basis. The Funds are the clients of the Investment Adviser. The Funds include three fund structures pursuing different investment strategies. Where appropriate, references herein to the Funds include entities through which the Funds invest.

The "Credit Opportunity Funds" include: (1) MSD Credit Opportunity Fund, L.P., a Delaware limited partnership (the "Credit Domestic Fund"); and (2) MSD Credit Opportunity Master Fund, L.P., a Cayman Islands exempted limited partnership (the "Credit Master Fund").

The "Energy Partners Funds" include: (1) MSD Energy Partners, L.P., a Delaware limited partnership (the "Energy Domestic Fund"); (2) MSD Energy Partners, Ltd., a Cayman Islands exempted company (the "Energy Offshore Fund"); and (3) MSD Energy Partners (MM), L.P., a Cayman Islands exempted limited partnership (the "Energy Mini-Master Fund").

The "European Opportunity Funds" include: (1) MSD European Opportunity Fund, L.P., a Delaware limited partnership (the "European Domestic Fund"); (2) MSD European Opportunity Fund, Ltd., a Cayman Islands exempted company (the "European Offshore Fund"); and (3) MSD European Opportunity Master Fund, L.P., a Cayman Islands exempted limited partnership (the "European Master Fund").

MSD Capital (Europe), LLP ("MSD Capital (Europe)"), an affiliate of the Investment Adviser located in London, acts as a sub-adviser to the Investment Adviser with respect to the European Opportunity Funds and provides investment management and other services. An investment team based in London oversees the day-to-day business and affairs of the European Master Fund, with general supervision provided by the Investment Adviser in New York. The Investment Adviser assumes full responsibility for all fees payable to MSD Capital (Europe) in connection with its provision of services.

Certain affiliates under common control with the Investment Adviser serve as general partner to the Funds organized as limited partnerships (each a "Fund General

Partner"). The Fund General Partners and MSD Capital (Europe) are persons associated with the Investment Adviser that provide investment advisory services to certain of the Funds. They are not separately registered as investment advisers with the SEC, but instead, in accordance with the *American Bar Association, Business Law Division* (Jan. 18, 2012) no-action letter, rely on the Investment Adviser's registration with the SEC. Each such affiliate, however, conducts itself as though it were also registered with the SEC.

This Brochure generally includes information about the Investment Adviser and its relationships with its Clients and affiliates. While much of this Brochure applies to all such Clients and affiliates, certain information included herein applies to specific Clients or affiliates only. This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The securities of the Funds are offered and sold on a private placement basis under exemptions promulgated under the Securities Act of 1933, as amended, and other exemptions of similar import under U.S. state laws and the laws of other jurisdictions where any offering may be made.

The descriptions set forth in this Brochure of specific advisory services that the Investment Adviser offers to Clients, and investment strategies pursued and investments made by the Investment Adviser on behalf of its Clients, should not be understood to limit in any way the Investment Adviser's investment activities. The Investment Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Adviser considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

The Investment Adviser's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in each Fund's "Offering Documents" (*i.e.*, the Fund's offering memorandum, memorandum and articles of association or limited partnership agreement, as the case may be, and subscription document). The Investment Adviser has the right to enter into agreements, such as side letters, with certain underlying Fund investors that may in certain cases provide for terms of investment that are more favorable than the terms provided to other underlying investors of the same Funds.

The Investment Adviser does not participate in wrap fee programs.

As of December 31, 2011, the Investment Adviser manages approximately \$4.44 billion of "regulatory assets" on a discretionary basis.

ITEM 5 FEES AND COMPENSATION

Advisory Fees and Compensation

The fees and expenses applicable to each Fund are set forth in detail in each Fund's Offering Documents. A brief summary of such fees and expenses is provided below.

Management Fee

Generally, Fund investors pay the Investment Adviser a fee for investment management services (the "Management Fee") for each fiscal quarter equal to 0.375% (1.5% annualized) of the beginning net asset value of each investor's capital account for such fiscal quarter. The Management Fee is calculated and deducted from the investor's account quarterly in advance based on the net asset value of each investor's shares or interests. In the event that an investor makes a capital contribution to a Fund other than as of the first day of a quarter, a *pro rata* portion of the quarterly Management Fee in respect of such investor, based on the actual number of days remaining in such partial quarter, will be paid to the Investment Adviser by the investor. In the event that an investor's net asset value is reduced in connection with a withdrawal or redemption other than as of the last day of a quarter, the Investment Adviser generally will repay the investor an amount equal to the *pro rata* portion of the Management Fee, based on the actual number of days remaining in such quarter. In the sole discretion of the Investment Adviser or its affiliate, the Management Fee may be waived, reduced or calculated differently with respect to certain underlying Fund investors.

Incentive Allocation

Generally, at the end of each Fund's fiscal year of each Fund, the Investment Adviser or an affiliate of the Investment Adviser is entitled to an incentive allocation in an amount equal to 20% of the net capital appreciation (which includes both realized gains and losses and unrealized appreciation and depreciation of securities held in each Fund's portfolio) allocated to an investor's capital account for such fiscal year after deducting the Management Fee and other Fund expenses debited to such investor's capital account for such fiscal year, subject to a loss carry forward mechanism (the "Incentive Allocation").

In the event that the a Fund is terminated or an investor withdraws other than at the end of a fiscal year, then for purposes of determining the Incentive Allocation allocable at such time, net capital appreciation will be determined as if such dates were the end of the fiscal year, subject to certain adjustments. In the sole discretion of the Investment Adviser or an affiliate of the Investment Adviser, the Incentive Allocation may be waived, reduced or calculated differently with respect to certain investors.

In addition, affiliates of the Investment Adviser are compensated for managing entities that have been formed to access certain private investments. These compensation arrangements are individually negotiated.

Additional information related to the nature and timing of the fees MSDC charges its Clients is provided in the relevant agreement between MSDC and the particular Client (as well as in the Offering Documents, as applicable).

Additional Fees and Expenses

Each Fund bears its own expenses, including, without limitation, investment-related expenses (e.g., expenses that, in the Fund General Partner's or the Investment Adviser's discretion, are related to the investment of the Fund's assets, whether or not such investments are consummated, such as brokerage commissions, research-related expenses (including, news and quotation equipment and services, expenses associated with attending consumer and/or retail conferences and seminars and travel, lodging and other expenses incurred in connection with meeting members of management of existing or prospective investment targets), clearing and settlement charges, custodial fees, interest expenses, expenses relating to consultants, attorneys, brokers or other professionals or advisors who provide research, advice or due diligence services with regard to investments, appraisal fees and expenses and investment banking expenses), computer software and systems and related technology services (including software used to route trade orders and software relating to internal portfolio systems), investment-related travel expenses, legal expenses, accounting (including, without limitation, the costs of accounting, portfolio management, risk management and trade order management systems and software), audit, tax preparation and other tax-related expenses (including preparation costs of financial statements, tax returns, reports to the shareholders), expenses relating to obtaining liability insurance for directors and officers, the Fund General Partner, the Investment Adviser and their respective partners and members, entity-level taxes, expenses of meetings of the board of directors (as applicable), organizational expenses, printing and mailing costs, expenses relating to the offer and sale of shares or interests and redemptions and transfers thereof, the Management Fee, administration fees and related costs (including fees to the third-party administrator), fees and expenses of the board of directors (as applicable), extraordinary expenses and other expenses associated with the operation of the Fund. A portion of research-related and brokerage expenses may be paid for using "soft dollars" (as described in further detail in Item 12 below). Except as otherwise described in each Fund's Offering Documents, the Fund's expenses will be shared by all of the investors in the Fund *pro rata* in accordance with the net asset value of their respective shares or interests.

Additional Compensation and Conflicts of Interest

Neither the Investment Adviser nor any of its supervised persons accepts compensation (e.g., brokerage commissions) for the sale of securities or other investment products.

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

The Investment Adviser and its affiliates accept performance-based fees from every Fund. As a result, the Investment Adviser and its affiliates do not face certain conflicts of interest that may arise when an investment adviser accepts performance-based fees from some Clients, but not from other Clients.

In the allocation of investment opportunities, performance-based compensation arrangements may create an incentive to favor accounts from which affiliates of the Investment Adviser may receive greater performance-based compensation (or which have no high water mark) over accounts from which the Fund General Partners may receive less performance-based compensation. In addition, there is the incentive to trade for some Funds more aggressively than others or invest in riskier assets on behalf of one Fund as compared to another in an effort to maximize the profits for those Funds in which the Investment Adviser or its affiliates would share through an Incentive Allocation. However, all of the Funds currently bear the same performance-based compensation and the Investment Adviser has an allocation policy (as described in further detail in Item 12 below) pursuant to which the Investment Adviser endeavors to allocate investments among the Funds it manages in a fair and equitable manner.

The Investment Adviser values the assets held by the Funds and will be responsible for the determination of asset valuations for all purposes, including the determination of the Management Fee and the Incentive Allocation. Each Fund has contracted with an administrator to provide certain services, including the independent verification of the calculation of Management Fees and Incentive Allocations in addition to the independent verification of the use of valuations in calculating the net asset value calculation and capital account maintenance.

ITEM 7
TYPES OF CLIENTS

The Investment Adviser generally provides investment advice to pooled investment vehicles (or funds), as described above.

ITEM 8

METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

Methods of Analysis and Investment Strategies

The descriptions set forth in this Brochure of specific advisory services that the Investment Adviser offers to Clients, and investment strategies pursued and investments made by the Investment Adviser on behalf of its Clients, should not be understood to limit in any way the Investment Adviser's investment activities. The Investment Adviser may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Investment Adviser considers appropriate, subject to each Client's investment objectives and guidelines. The investment strategies the Investment Adviser pursues are speculative and entail substantial risks. Clients and their underlying investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

1. Credit Opportunity Funds

The Investment Adviser's principal objective for the Credit Opportunity Funds is to produce attractive risk-adjusted returns by capitalizing on distressed, stressed, special situation and event-driven value opportunities across the capital structure. The Investment Adviser seeks to achieve this objective by focusing on companies undergoing bankruptcy, restructuring or reorganization and selecting securities senior in the capital structure and/or securities that may prove to be the fulcrum security in a restructuring process. The Investment Adviser also pursues investments in event-driven and non-distressed securities selling for less than their intrinsic value due to market illiquidity and/or a lack of access to capital in the financial markets. The Investment Adviser has a highly disciplined, fundamental research-intensive approach to investing, where downside risk assessment is central to each investment decision. Furthermore, the Investment Adviser's investment philosophy is opportunistic. The Investment Adviser has a flexible mandate that allows it to invest in securities across the capital structure, including, but not limited to, bank debt, bonds, trade claims, hybrid securities and equities, in addition to more infrequent use of credit default swaps and equity options on behalf of the Credit Opportunity Funds. It may invest in complex and misunderstood situations involving financial restructurings, litigation claims, run-offs and break-ups, in addition to more straightforward undervalued equities and stressed credits. For the purposes of value realization, the Investment Adviser has a medium-to-long-term horizon and has the patience to take a passive approach and allow for the market to correct the perceived price-to-value gap, either after the occurrence of an event or the passing of time. In addition, the Investment Adviser will play an active role in both protecting and realizing the value of the Credit Opportunity Funds investments if and when appropriate.

While the Investment Adviser deploys an opportunistic value approach to investing, the types of investments in which it will typically seek to participate broadly fit within the following categories:

Stressed Fixed Income Securities – bank debt, bonds or hybrid securities of fundamentally sound businesses that are trading at a stressed price and that are generally senior and/or secured in nature.

Distressed Debt – debt of issuers with fundamentally sound businesses that are experiencing distress due to an over-levered balance sheet and, in some cases, a challenging operating or financing environment.

Hybrid Securities – debt or preferred securities that also contain a participation right in cash flows/profits, and which may have an equity conversion component.

Liquidation Claims – debt claims in companies undergoing liquidation where the debt is offered at a significant discount to the present value of the estimated liquidation recoveries.

Private Loans - privately-originated loans that may be relatively illiquid and thinly-syndicated whose prices are not actively quoted by independent brokers or actively traded on the secondary loan market.

Special Situation Equities – publicly-listed equity that may be undervalued due to uncertainty arising from a specific event such as a litigation claim or break up, or a newly spun off entity that no longer has a natural shareholder base.

Value Equity – public equity of what are perceived to be excellent businesses run by competent and shareholder-oriented managers, which is trading at a significant discount to a conservative appraisal of the underlying business value.

Selective Shorts – selective shorting of the equity or credit of a company with a structurally flawed business or with a potential negative event not reflected in the price. Certain shorts also may serve as macro hedges. The Credit Opportunity Funds will also occasionally short securities as part of a capital structure arbitrage strategy (long a senior security and short the junior debt or equity).

Real Estate – while the Credit Opportunity Funds generally do not expect to make equity real estate investments, it may end up owning real estate as a result of the loans that it owns.

2. Energy Partners Funds

The Investment Adviser's principal objective for the Energy Partners Funds is to create attractive absolute returns by investing in securities of companies in the broader energy space. The Investment Adviser's approach is to seek situations in which there is a significant disconnect between the market price and the intrinsic value of a security. The Investment Adviser takes a bottom-up, opportunistic approach to finding such situations and will invest throughout the capital structure when it believes that there is an asymmetric risk-reward opportunity. Among other securities, the Investment Adviser invests in common and preferred equity of public companies, special situations including private investments, secured and unsecured debt, convertible instruments, options, market futures, exchange-traded funds and master limited partnerships on behalf of the Energy Partners Funds. The Investment Adviser focuses primarily on making investments in traditional energy sectors such as oil and gas (upstream, midstream and downstream), oil services, engineering and construction, power and utilities and alternative energy, but may also pursue investment opportunities involving related markets, including, without limitation, agriculture, coal, water, basic and precious metals and companies that are engaged in the supply chain of certain energy markets. In terms of investment horizon, the Investment Adviser intends to

invest in long investments that are anticipated to reach the target objective in one to three years. During that holding period, the Investment Adviser will monitor the investment and the Energy Partners Funds' portfolio, assess position sizing and adjust the position as it deems appropriate. If a stock reaches the Investment Adviser's price objective in a shorter time frame or there is a "thesis break" on the original investment rationale, the Investment Adviser may sell all or a portion of the investment as it deems appropriate. On the short side, the Investment Adviser is more short-term oriented with a general time horizon of three to six months.

While the Investment Adviser deploys an opportunistic value approach to investing in energy securities, the types of investments it generally seeks to make on behalf of the Energy Partners Funds can be broadly described by the following categories:

Common and Preferred Equity – public securities of what are perceived to be excellent businesses, run by competent and shareholder-oriented managers, which are trading at a significant discount to a conservative appraisal of the underlying business value.

Options – the Energy Partners Funds will seek to employ active options strategies around the core portfolio names as a way to enhance returns and mitigate risk. Examples of such strategies are long calls, short calls, call spreads, long puts, short puts and put spreads.

Private Debt and Equity – in certain situations, the Energy Partners Funds may have an opportunity to invest in private situations in which the Investment Adviser believes that the Energy Partners Funds are fully compensated for taking illiquidity risk.

Mispriced Debt – the Energy Partners Funds may invest in pure debt investments in situations where the Investment Adviser expects equity-like returns (generally, this occurs in extreme downturns). If the Energy Partners Funds can create target returns with the security of debt protections, the Investment Adviser will attempt to capitalize on the situation.

Commodity Hedges – the Energy Partners Funds will seek to employ a range of tools to mitigate short-term moves in commodities to which they have exposure. As examples, the Energy Partners Funds will use put options, ETFs, futures and other securities to achieve protection.

Currency Hedges – the Energy Partners Funds will in many cases attempt to limit exposure to moves in currencies of investments in non-dollar denominated currencies.

Market and Sector Hedges – in the absence of compelling stock-specific short ideas, the Energy Partners Funds will employ market and sector based hedges involving futures, ETFs, custom baskets and other similar tools. An element of the short approach is to moderate "tail risks".

Stock-Specific Shorts – the Energy Partners Funds will selectively short the equity or credit of a company with a potential negative event not reflected in the price or a structurally flawed business.

3. European Opportunity Funds

The Investment Adviser's and its affiliate's principal objective for the European Opportunity Funds is to produce attractive risk-adjusted returns by capitalizing on mispriced investment opportunities in Europe. The Investment Adviser, either directly or indirectly through an affiliated sub-adviser, seeks to achieve this objective by purchasing securities at a significant discount to appraised value. The Investment Adviser has a highly disciplined, fundamental research-intensive approach to investing, where downside risk assessment is central to each investment decision. Furthermore, the Investment Adviser's investment philosophy is opportunistic. The Investment Adviser has a flexible mandate that allows it to invest in securities across the capital structure, including, but not limited to, bank debt, bonds, trade claims, hybrid securities and equities, in addition to more infrequent use of credit default swaps and equity options on behalf of the European Opportunity Funds. The Investment Adviser invests in complex and misunderstood situations involving financial restructurings, litigation claims, run-offs and break-ups, in addition to more straightforward undervalued equities and stressed credits. The Investment Adviser focuses primarily on making investments in European issuers and situations, but may also pursue investment opportunities involving other markets, including, without limitation, the United States, Canada, Australia and Asia. In terms of value realization, the Investment Adviser has a medium-term horizon and has the patience to take a passive approach and allow for the market to correct the price-to-value gap, either after the realization of an event or the passing of time. In addition, the Investment Adviser will play an active role in both protecting and realizing the value of their investments if and when appropriate.

While the Investment Adviser, either directly or indirectly through an affiliated sub-adviser, deploys an opportunistic value approach to investing in European securities, the types of investments it typically seeks to make on behalf of the European Opportunity Funds can be broadly described by the following categories:

Stressed Fixed Income Securities – bank debt, bonds or hybrid securities of fundamentally sound businesses that are trading at a stressed price.

Distressed Debt – debt of issuers with fundamentally sound businesses that are experiencing distress due to an over-levered balance sheet and perhaps additionally a challenging operating environment.

Liquidation Claims – debt claims in companies undergoing liquidation where the debt is offered at a significant discount to the present value of the estimated liquidation recoveries.

Special Situation Equities – publicly-listed equity that may be undervalued due to uncertainty arising from a specific event such as a litigation claim or break up, or a newly spun off entity that no longer has a natural shareholder base.

Value Equity – public equity of what are perceived to be excellent businesses run by competent and shareholder-oriented managers, which is trading at a significant discount to a conservative appraisal of the underlying business value.

Selective Shorts – selective shorting of the equity or credit of a company with a potential negative event not reflected in the price, or in the case of a structurally flawed business. Certain shorts also may serve as macro hedges. The Investment Adviser will also

occasionally short securities in order to lock in a capital structure arbitrage (long a senior security and short the junior debt or equity).

Material, Significant or Unusual Risks Relating to Investment Strategies

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Funds advised by the Investment Adviser. These risk factors include only those risks the Investment Adviser believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis. Clients or prospective investors should refer to the relevant Fund's Offering Documents for full disclosure of the potential risks of an investment in any particular Fund, including a full description of each of its respective risk factors. In addition, as the Funds' respective strategies develop and evolve over time, an investment in a particular Fund may be subject to additional and different risk factors than those set forth below.

- Limited Diversification and Risk Management Failures
- Risks Associated with Bankruptcy Cases
- General Real Estate Risks
- Troubled Origination
- Highly Volatile Markets
- Leverage and Borrowing Risks
- Systemic Risk
- Short Selling
- Loans of Portfolio Securities
- Hedging Transactions
- Necessity for Counterparty Trading Relationships; Counterparty Risk
- Fraud Risk
- Co-Investments with Third Parties
- Trading Decisions Based on Fundamental and Other Analysis
- Position Limits
- Limitations Due to Regulatory Restrictions
- Competition; Availability of Investments
- Commodity Price Volatility Risk
- Supply and Demand Risk
- Depletion Risk
- Regulatory Risks Relating to the Energy Sector
- Catastrophic Event Risk
- Over-the-Counter Energy Transactions

Risks Associated With Particular Types of Investment Instruments Utilized

MSDC does not recommend a particular type of investment instrument to its Clients, but rather, recommends and invests in multiple investment instruments to correspond with the particular investment strategy a given Fund employs. Given the broad discretion MSDC has in managing the Funds, below is a representative sample of the types of instruments (and corresponding risks) it may utilize and/or incur on behalf of any given Client.

- Investments in Undervalued Securities
- Non-U.S. Investments
- European Investment Risk
- Small and Medium Capitalization Companies
- Futures Contracts
- Forward Trading
- Call Options
- Put Options
- Stock Index Options
- Swap Agreements
- Equity Swaps
- Credit Default Swaps
- Repurchase and Reverse Repurchase Agreements
- Other Derivative Instruments
- Currency Exposure
- Fixed Income Securities
- Corporate Debt
- Investments in Distressed Issuers
- Stressed Debt
- Equity Risks
- Bank Loans
- Leveraged Loans
- Hung Loans
- Bridge Loans
- Mezzanine Debt Instruments
- Convertible Securities
- Investments in Unlisted Securities
- Equitable Subordination
- Private Investments
- High-Yield Instruments
- Zero-Coupon and Deferred Interest Bonds
- Future Funding Obligations
- Non-performing Nature of Debt
- Collateralized Obligations

All of these investment instruments are highly speculative in nature, and there can be no assurance that the Client's investment objectives will be achieved. MSDC's Clients (and, in turn, the underlying investors in such Clients) must be prepared to bear the risk of a total loss of their investment.

More detailed information about the types of investments that the Investment Adviser may make on behalf of the Funds, and the corresponding risks, is provided in the relevant Fund's Offering Documents. Again, as the Funds' respective strategies develop and evolve over time, an investment in a particular Fund may be subject to additional and different risk factors than those described herein.

ITEM 9
DISCIPLINARY INFORMATION

There are no legal or disciplinary events that are material to a Client's or prospective Client's evaluation of the Investment Adviser's advisory business or the integrity of the Investment Adviser's management.

ITEM 10

OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Investment Adviser and its management persons are not registered as broker-dealers and do not have any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer.

The Investment Adviser and its management persons are not registered as, and do not currently have any application to register as, futures commission merchants, commodity pool operators, commodity trading advisors or associated persons of the foregoing entities. However, based on certain recent regulatory developments, one or more of the Investment Adviser's Clients, MSDC itself or certain of its affiliates may register as commodity pool operators, commodity trading advisors or associated persons of any of the foregoing, as the case may be. Any such registration will inevitably lead to additional legal and administrative costs and expenses.

Material Relationships or Arrangements with Industry Participants

The Investment Adviser is affiliated with the Funds and the Fund's General Partners as described above. Additionally, the Investment Adviser shares certain personnel with MSD, a family office as defined under rule 202(a)(11)(G)-1 of the Investment Advisers Act of 1940, as amended.

With respect to those personnel who either provide services both to MSD and MSDC or to multiple MSDC Clients, such personnel may have a conflict in allocating their time and services to and among MSDC's Clients. MSDC personnel will devote as much time to each of its Clients as the Investment Adviser deems appropriate to perform the duties set forth in its various investment management agreements.

The Investment Adviser and MSD pursue several different investment strategies, each of which are managed by separate investment teams (each such strategy is referred to herein as an "Account"). The Investment Adviser's investment teams, on the one hand, and MSD's investment teams, on the other hand, pursue different investment strategies, operate separately from one another and make investment decisions independently from one another. However, the investment professionals of the Investment Adviser and MSD have regular formal and informal communications. There are times when Accounts managed by MSD and Accounts managed by the Investment Adviser may seek to make the same investment, including as a result of independent investigation by the various investment teams managing the Accounts or when two or more teams work in conjunction with one another to pursue an opportunity that is deemed to be too large for one Account to pursue on its own.

When it is determined that it would be appropriate for a Fund and one or more other Accounts to participate in the same investment opportunity, the investment will be allocated among the participating Accounts, including a Fund, on an equitable basis, taking into account a variety of factors, including, without limitation, which investment team originated the investment opportunity, relative amounts of capital available for new investments, relative exposure desired by the Accounts participating in the investment and the investment programs and portfolio positions of the Fund and the other Accounts for which participation is appropriate. Such considerations may result in allocations of certain

investments among the Accounts on other than a *pro rata* basis. Orders may be combined for all such Accounts, and if any order is not filled at the same price, they may be allocated on an average price basis. Similarly, if an order on behalf of more than one Account cannot be fully executed under prevailing market conditions, securities may be allocated among the different Accounts on a basis that the Investment Adviser or its affiliates and MSD consider equitable.

In certain circumstances, regulatory or policy restrictions imposed on significant investors in the Funds may cause a Fund to be prohibited from participating in an investment that the Investment Adviser would otherwise seek to make on behalf of a given Fund.

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

Code of Ethics

MSDC has adopted a code of conduct and personal investment policies in furtherance of our commitment to comply with applicable laws and the standards of business conduct (the "Code"). The Investment Adviser strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust.

The Code places restrictions on personal trades by employees, including that they disclose their personal securities holdings and transactions in their "Covered Accounts" (as defined in the Code) on a periodic basis, and requires employees to pre-clear certain types of personal securities transactions. Generally, and subject to certain exceptions, the Investment Adviser's employees may not engage in personal equity securities trading and may only dispose of equity securities held in their respective personal trading accounts with pre-clearance. However, related persons may purchase and sell mutual funds and broad-based exchange-traded funds. Some Clients may invest in the same or similar mutual funds and ETFs.

MSDC has also adopted policies and procedures intended to prevent employees from being unduly influenced in their decisions by the receipt of gifts or other inducements from third parties, such as brokers, trading counterparties or vendors. Employees are required to seek approval to keep certain business gifts, and are required to seek pre-approval to give certain types of business gifts. In addition, MSDC's policies set forth standards for receiving and providing business entertainment from or to certain third parties.

Clients or investors may review a copy of the Code by contacting MSDC at the address or telephone number listed on the first page of this document.

Securities in which The Investment Adviser or a Related Person Has a Material Financial Interest

The Investment Adviser, its affiliates and its employees may give advice or take action for their own accounts that may differ from, conflict with or be adverse to advice given or action taken for Clients. These activities may adversely affect the prices and availability of other securities or instruments held by or potentially considered for one or more Clients. Potential conflicts also may arise due to the fact that the Investment Adviser and its personnel may have investments in some Funds but not in others or may have different levels of investments in the various Funds.

The Investment Adviser has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above, and periodic monitoring of employee trading patterns for actual or perceived conflicts of interest, including those conflicts that may arise as a result of personal trades in the same or similar securities made at or about the same time as Client trades.

In addition, MSDC personnel may have a direct or indirect pecuniary interest in a Client as a result of (i) direct investments in that Client or (ii) ownership interests in MSDC affiliates that are entitled to receive Management Fees and/or Incentive Allocation from a Client.

Cross Trades and Principal Transactions

The Investment Adviser may determine that it would be in the best interests of certain Clients to transfer a security from one Client to another (each such transfer, a "Cross Trade") for a variety of reasons, including, without limitation, tax purposes, liquidity purposes, to rebalance the portfolios of the Clients, or to reduce transaction costs that may arise in an open market transaction. If the Investment Adviser decides to engage in a Cross Trade, the Investment Adviser will determine that the trade is in the best interests of each Client involved in it and take steps to ensure that the transaction is consistent with the duty to obtain best execution for each of those Clients.

To the extent that Cross Trades may be viewed as principal transactions due to the ownership interest in a Client by the Investment Adviser or its personnel, the Investment Adviser will comply with the requirements of Section 206(3) of the Advisers Act, including that any such transactions will be approved or disapproved by (i) an advisory board comprised of representatives of such investors or (ii) a committee consisting of one or more persons selected by the Investment Adviser (or its affiliate), and any valuation approved by such a committee will be determined by an independent third party that has appropriate experience in providing such valuations.

Conflicts of Interest Created by Contemporaneous Trading

The Investment Adviser manages investments on behalf of a number of Clients. Certain Clients have investment programs that are similar to or overlap and may, therefore, participate with each other in investments. It is the policy of the Investment Adviser to allocate investment opportunities among all Clients fairly, to the extent practical and in accordance with each Client's applicable investment strategies, over a period of time. The Investment Adviser will have no obligation to purchase or sell a security for, enter into a transaction on behalf of, or provide an investment opportunity to any Client solely because the Investment Adviser purchases or sells the same security for, enters into a transaction on behalf of, or provides an opportunity to any Client if, in its reasonable opinion, such security, transaction or investment opportunity does not appear to be suitable, practical or desirable for any such Client.

In addition, MSDC Clients or an MSDC and MSD Client may invest in different parts of the capital structure of the same company. For example, a Fund may invest in debt securities issued by a company in which another Fund has an equity interest. In such a situation, the interests of the two Funds may not always be aligned, which may give rise to actual or potential conflicts of interest, or the appearance of a conflict of interest. Actions taken for the benefit of one Fund may be adverse to the other Fund. For example, a Fund could have an interest in a company pursuing an acquisition that would increase indebtedness but, in MSDC's view, would ultimately enhance the value of the Fund's investment, but would subject debt investments made by another Fund to additional or increased risk.

In addition, the Investment Adviser may recommend investments to or purchase securities for the account of one Client that may differ from investments recommended or bought for other Clients, even though the investment objectives of the Clients involved may be similar. Moreover, MSDC's Clients (or MSDC personnel) may make investments or engage in other activities that express inconsistent views with respect to an entity in which they have invested, a particular security or relevant market conditions. Finally, MSDC expects to make other business decisions on behalf of certain Clients relating to investments independently of the manner in which it approaches a similar or even the same investment of other Clients. By way of example, MSDC may choose not to hedge certain risks it hedges on behalf of other Clients.

In some instances, however, the Investment Adviser may choose to coordinate its Client's activities with respect to investments held by more than one Client. Such coordination could have the effect of either raising or lowering the returns with respect to an investment relative to what might have been achieved absent such coordination. The Investment Adviser is not obligated to engage in such coordination and, in fact, may elect not to do so in any particular circumstance in its sole discretion.

ITEM 12

BROKERAGE PRACTICES

Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions

As noted previously, the Investment Adviser has full discretionary authority to manage the Funds, including the authority to make decisions with respect to which securities are bought and sold, the amount and price of those securities, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid. The Investment Adviser's authority is limited by its own internal policies and procedures and each Fund's investment guidelines.

Portfolio transactions will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. The Investment Adviser's selection of a broker (including a prime broker) to execute transactions, provide financing and securities on loan, hold cash and short balances and provide other services may be influenced by, among other things, any of the following: the financial condition of the broker, diversification of counterparty risk, assessment of jurisdiction and bankruptcy laws governing the entity that holds the Funds' assets, financing terms, including length of commitment and amount and availability of financing, operational capabilities, and other factors deemed appropriate.

The commission rates (or dealer markups and markdowns) charged to the Funds by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers who may not offer such services. The Investment Adviser need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither the Investment Adviser nor the Funds separately compensate any broker or dealer for any of these other services.

In addition, in the ordinary course of business, the Investment Adviser may and will utilize broker-dealers, or enter into joint venture or other counterparty relationships with entities, that employ friends or family members of the Investment Adviser or MSD personnel, including individuals who have personal relationships with those who make investment decisions or execution decisions on behalf of the Investment Adviser's Clients and may benefit, directly or indirectly, from such brokerage business or other business relationships.

Research and Other Soft Dollar Benefits

The Investment Adviser may pay a broker-dealer commissions (or markups or markdowns with respect to certain types of riskless principal transaction) for effecting Fund transactions in excess of that which another broker-dealer might have charged for effecting the transaction in recognition of the value of the brokerage and research services provided by the broker-dealer. The Investment Adviser will effect such transactions, and receive such brokerage and research services, only to the extent that they fall within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended, and subject to prevailing guidance provided by the SEC regarding Section 28(e). The Investment Adviser believes it is important to its investment decision-making processes to have access to independent research.

Also, consistent with Section 28(e), research products or services obtained with "soft dollars" generated by one or more Funds may be used by the Investment Adviser to

service one or more other Clients, including Clients that may not have paid for the soft dollar benefits. The Investment Adviser allocates soft dollar benefits to Client accounts in proportion to the soft dollar credits the Client accounts generate. Where a product or service obtained with soft dollars provides both research and non-research assistance to the Investment Adviser (*i.e.*, a "mixed use" item), the Investment Adviser will make a good faith allocation of the cost which may be paid for with soft dollars. In making good faith allocations of costs between administrative benefits and research and brokerage services, a conflict of interest may exist by reason of the Investment Adviser's allocation of the costs of such benefits and services between those that primarily benefit the Investment Adviser and those that primarily benefit the Funds.

When the Investment Adviser uses Client brokerage commissions (or markups or markdowns) to obtain research or other products or services, the Investment Adviser receives a benefit because it does not have to produce or pay for such products or services. The Investment Adviser may have an incentive to select or recommend a broker-dealer based on the Investment Adviser's interest in receiving research or other products or services, rather than on its Clients' interest in receiving most favorable execution.

Within the last fiscal year of the Investment Adviser, the Investment Adviser or its related persons acquired the following types of products and services with client brokerage commissions (or markups or markdowns):

- Data services, such as those providing stock quotes, last sales price and trading volumes;
- Research reports and brokerage analyst's earnings estimates;
- Discussions with research analysts and meetings with corporate executives to obtain oral reports on company performance; and
- Order management system that provides connectivity service between the money manager and sell-side firms (including broker-dealers, ECNs and other execution platforms) for trade execution, settlement and commission management.

The Investment Adviser periodically considers the amount and nature of research and research services provided by broker-dealers, as well as the extent to which such services are relied upon, and attempts to allocate a portion of the brokerage business of its Funds on the basis of that consideration. Broker-dealers sometimes suggest a level of business they would like to receive in return for the various products and services they provide. Actual brokerage business received by any broker-dealer may be less than the suggested allocation, but can (and often does) exceed the suggested level, because total brokerage is allocated on the basis of all of the considerations described above. In no case will the Investment Adviser make binding commitments as to the level of brokerage commissions it will allocate to a broker-dealer, nor will it commit to pay cash if any informal targets are not met. A broker-dealer is not excluded from receiving business because it has not been identified as providing research products or services.

Brokerage for Client Referrals

Neither the Investment Adviser nor any related person receives Client referrals from any broker-dealer or third party.

From time to time, the Investment Adviser or the Funds its advises, are introduced to potential investors by its prime brokers and may receive other benefits from its prime brokers. In addition, the Investment Adviser may occasionally receive similar benefits from other broker-dealers or counterparties it transacts with from time to time. Currently, neither the Investment Adviser nor its Clients compensate such third-party brokers (other than as described in Item 14 below) for introducing the Investment Adviser or its Clients to any potential investors. Such introductions and other products or services that the Investment Adviser may receive can present a potential conflict of interest to the extent that the Investment Adviser uses such brokers in connection with brokerage or other activities on behalf of its Clients.

The Investment Adviser does not recommend, request or require that a Client direct the Investment Adviser to execute transactions through a specified broker-dealer.

Order Aggregation

From time to time, MSDC may aggregate trade orders (buys and sells) across the Funds and MSD. Orders are aggregated consistent with the Investment Adviser's duty to seek best execution for the Funds participating in the transaction. Orders for the same security may be aggregated at the "Portfolio Manager" level for a Client (*i.e.*, the senior personnel responsible for making investment decisions on behalf of such Client) or at the trading desk level: Portfolio Managers managing multiple Funds in the same strategy or seeking to collaborate across investment strategies must provide to the trading desk the trade allocation prior to the execution of the trade; and, if the trading desk receives trade orders from different Portfolio Managers for the same security, the trader may aggregate the trade orders when aggregation would result in a more favorable trade execution as required by the procedures described below.

Trade Allocation

It is MSDC's policy to treat every Client fairly and equitably in the allocation of investment opportunities and trades. Fair and equitable treatment does not mean that MSDC must treat each Fund identically. However, it does mean that no Fund for which MSDC has investment discretion should receive preferential treatment over any other Fund.

MSDC seeks to manage each Fund in a manner that is consistent with the Fund's best interests. MSDC must balance the interests of each Fund in allocating investment opportunities and trades. The Portfolio Managers for each Client are responsible for selecting investments on behalf of the respective Funds they manage based on the investment strategies and needs of each Fund. When determining whether an investment opportunity is applicable to more than one Fund, the Portfolio Managers will consider the following factors ("Investment Factors"), among others:

- *Suitability*: investment objective(s) and strategies of the Fund, including the risk appetite, tolerance, and/or capacity of the Fund;
- *Fund specific restrictions*: tax restrictions (e.g., Effectively Connected Income ("ECI") constraints), offering memorandum restrictions, side letters, investment agreements and any restrictions placed on the Fund by virtue of federal or state law (such as the Employee Retirement Income Security Act of 1974);

- *Fund Composition*: asset size, size of invested positions as well as industry, sector and country weightings and exposure considerations/concentration;
- *Opportunity*: current market conditions and capacity/liquidity for the opportunity, nature of the security to be allocated as well as transaction terms, such as execution opportunities and costs;
- *Cash*: available capital including funding limitations, Fund liquidity and expected cash flows; and
- Any other information determined to be relevant to the fair allocation of an investment opportunity in a particular instance.

Due to the differences in the applicability of Investment Factors to each Fund, there may be differences in the invested positions and securities held between Funds within the same investment strategy. As noted earlier, MSDC is not obligated to purchase or sell an investment instrument or provide an investment opportunity to a Fund because MSDC purchases or sells the same investment instrument for or provides an opportunity to another Fund if, in its reasonable opinion, the transaction does not appear to be suitable, practical or desirable for the Fund.

MSDC may, on occasion, commit “trade errors” with respect to trades made on behalf of its Clients. “Trade Errors” occur when: (i) the wrong instrument is purchased or sold, (ii) the wrong quantity of an instrument is purchased or sold, (iii) an instrument is purchased when the order was to sell (or vice versa), or (iv) the purchase or sale of an instrument violated a regulatory or contractual obligation.

When MSDC becomes aware of a trading error, it will work on rectifying the issue in an expeditious fashion. To the extent the trade error was caused by a third-party, such as a broker, MSDC will ordinarily seek to have the third-party correct the error and/or cover any losses associated with the Trade Error, but may choose not to do so in its sole discretion. In such cases, provided such third-party was retained or engaged by MSDC in good faith, it will not be liable for such losses.

Trade errors often result in losses, but may occasionally result in gains. Losses caused by trade errors committed by MSDC personnel will ordinarily be borne by the Funds, except for those errors attributable to MSDC's bad faith, gross negligence, wilful misconduct or fraud. Any gains resulting from such errors will be retained by the affected Fund(s). The evaluation of the standard of care exercised in committing a trade error will be performed by MSDC in its sole discretion, which may be conflicted in making such a determination.

ITEM 13

REVIEW OF ACCOUNTS

The Investment Adviser performs various daily, weekly, monthly, quarterly and periodic reviews of each Client's portfolio. Such reviews are conducted by the members of the Investment Adviser's management team, Portfolio Managers and research associates.

A review of a Client account may be triggered by any unusual activity or special circumstances.

Investors in the Funds typically receive monthly account statements, quarterly unaudited performance information reports and a copy of the audited financial statements of the relevant Fund within 120 days after the fiscal year end of a Fund. In addition, monthly reports setting forth performance and portfolio data, including an analysis of portfolio exposure, may be provided to investors. The Investment Adviser may, from time to time, provide additional information relating to the Funds to one or more investors in connection with a request from a particular investor or as it otherwise deems appropriate.

ITEM 14
CLIENT REFERRALS AND OTHER COMPENSATION

The Investment Adviser does not receive economic benefits from non-Clients for providing investment advice and other advisory services.

Neither the Investment Adviser nor any related person directly or indirectly compensates any person who is not a supervised person, including placement agents, for Client referrals. However, the Investment Adviser has entered into a placement agreement with Fusion Partners (the "Placement Agent") pursuant to which the Placement Agent has agreed to introduce potential investors to the Funds. Pursuant to the terms of the placement agreement, the Investment Adviser, not the Funds, will pay the Placement Agent a placement fee for each investor introduced to a Fund by the Placement Agent.

ITEM 15 CUSTODY

The Investment Adviser is deemed to have custody of Client funds and securities because it has the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Account statements related to the Clients are sent by qualified custodians to the Investment Adviser.

The Investment Adviser is subject to Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). However, it is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called "Pooled Vehicle Annual Audit Exception," which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all investors within 120 days of the end of its fiscal year.

ITEM 16
INVESTMENT DISCRETION

The Investment Adviser serves as the management company with discretionary trading authority to each Fund.

The Investment Adviser's investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in its Offering Documents.

The Investment Adviser or an affiliate of the Investment Adviser entered into an investment management agreement, or similar agreement, with each Fund, pursuant to which the Investment Adviser or an affiliate of the Investment Adviser was granted discretionary trading authority.

ITEM 17

VOTING CLIENT SECURITIES

In compliance with Advisers Act Rule 206(4)-6, MSDC has implemented proxy voting policies and procedures, a summary of which is set forth below.

The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "Proxies") in a prudent and diligent manner that will serve the applicable Client's best interests and is in line with each Client's investment objectives.

The Investment Adviser may take into account all relevant factors, as determined by the Investment Adviser in its discretion, including, without limitation:

- the impact on the value of the securities or instruments owned by the relevant Client and the returns on those securities;
- the anticipated associated costs and benefits;
- the continued or increased availability of portfolio information; and
- industry and business practices.

It is also worth nothing that, while voting on all issues presented should be considered, voting on all issues is *not* required. MSDC may abstain from voting (which generally requires submission of a proxy voting card) or affirmatively decide not to vote in the event that it determines that abstaining or not voting is in the best interests of the Fund or otherwise believe that casting a vote in a particular instance is not relevant to its proxy voting policy.

In order to facilitate the proxy voting process, the Firm has engaged an independent third-party proxy voting service (the "Proxy Service") to assemble and vote proxies for the Funds on the Firm's behalf (which will itself necessarily involve procedures other than those described herein). The Proxy Service assembles the proxies for which the Firm's Clients have voting rights and provides the Firm with proxy analysis and voting recommendations and reports indicating how individual votes have been cast.

Clients may obtain information about how we voted proxies for securities in their accounts or obtain a copy of our written proxy voting policy upon request.

ITEM 18
FINANCIAL INFORMATION

The Investment Adviser is not required to include a balance sheet for its most recent fiscal year, is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to Clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.