

Bowery

FIRM BROCHURE AND BROCHURE SUPPLEMENT

BOWERY INVESTMENT MANAGEMENT, LLC

**1325 Avenue of the Americas, 28th Floor
New York, New York 10019**

This brochure provides information about the qualifications and business practices of Bowery Investment Management, LLC. If you have any questions about the contents of this brochure, please contact us by telephone at 212.259.4300. The information in this brochure has not been approved or verified by the Securities and Exchange Commission or any state securities authority.

Additional information about Bowery Investment Management, LLC is available on the website maintained by the Securities and Exchange Commission at www.adviserinfo.sec.gov.

June 2012

Item 2

Material Changes

This is the initial version of our firm brochure and brochure supplement. This section is used to identify and discuss any material change since the last version. The firm brochure and brochure supplement are updated annually and when material changes occur. If at any time you would like to receive a copy of the current firm brochure, please contact us by telephone at 212.259.4300.

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Item 4

Advisory Business

Bowery Investment Management, LLC (the “Investment Manager”) was organized as a limited liability company under the laws of the State of Delaware in January 2012. Its principal office is in New York, New York. Bowery GP, LLC (the “General Partner”) was organized as a limited liability company under the laws of the State of Delaware in January 2012 and shares its principal office with the Investment Manager. The General Partner is the general partner of Bowery Focused Credit, L.P., a Delaware limited partnership also formed in January 2012 (the “Credit Fund”). In reliance on the position expressed in the SEC no-action letter dated January 18, 2012 addressed to the Business Law Section of the American Bar Association, the General Partner does not intend to register separately with the SEC as an investment advisor. In this firm brochure and brochure supplement, the terms “we,” “our,” and “us” refer to the Investment Manager or the General Partner, or both of these entities, as the context requires. The only natural person or entity that owns twenty-five percent or more of the Investment Manager or the General Partner is Vladimir Jelisavcic.

The Investment Manager provides discretionary investment portfolio management services to the Credit Fund, a private investment fund that invests in securities and other financial instruments. The Investment Manager tailors the investment advice given to the Credit Fund and manages the assets of the Credit Fund in an attempt to meet the investment objectives and other terms specified in the governing documents of the Credit Fund. The investment objective of the Credit Fund is to maximize the total return of a portfolio of distressed and high-yield investments, including but not limited to corporate bonds, bank loans, equity securities, total-return swaps, and other derivatives. Distressed investments may be found among financially troubled companies, companies currently in bankruptcy, highly leveraged companies, and companies that have recently been restructured. Any specific limitations or restrictions on the particular securities or types of securities in which the Credit Fund may invest are described in the most current version of the private offering memorandum of the Credit Fund (the “Credit Fund POM”). Under specific economic or market conditions in which the Investment Manager believes that the portfolio of the Credit Fund would benefit from one or more temporary defensive positions, the Investment Manager may invest the assets of the Credit Fund in, among other things, securities issued by the United States government (such as Treasury bills, notes and bonds), in cash, money-market mutual funds, certificates of deposit, bank time deposits, bankers’ acceptances, and in other short term debt interests.

The Investment Manager does not call any of the services that it provides financial planning or some similar term. In the future, the Investment Manager may provide investment management services to other private investment funds and managed accounts on either a discretionary or a non-discretionary basis. As a result, our personnel may not be able to devote their exclusive attention to any single client.

As of April 30, 2012, the Investment Manager managed \$4,470,167 of assets on a discretionary basis. This figure represents regulatory assets under management as reported in Part 1A of Form ADV.

Item 5

Fees and Compensation

Credit Fund

The Credit Fund POM describes the fees and compensation that the Investment Manager and the General Partner charge the Credit Fund. These fees and compensation consist of an asset-based management fee and performance-based compensation. Asset-based fees are calculated based on the net asset value of the Credit Fund, prior to the accrual of the management fee and any performance-based compensation, on the last day of each calendar quarter. In general, the management fee is deducted quarterly from Credit Fund assets, and any performance-based compensation is allocated following the close of the fiscal year.

The Credit Fund will pay any performance-based compensation to the General Partner, rather than the Investment Manager. Performance-based compensation will be based on a share of capital gains on or capital appreciation of Credit Fund assets. The fiscal year of the Credit Fund will end on December 31. Whether the General Partner will be entitled to performance-based compensation in any particular year will be determined as of December 31 of that year, except with respect to investors who withdraw from the Credit Fund as of a date other than December 31. Any performance-based compensation will be subject to a high watermark. In other words, if an investor in the Credit Fund were to suffer an aggregate loss of capital during a fiscal year, no performance-based compensation would be due to the General Partner with respect to that year until the loss of capital was first recovered. In its discretion, the General Partner may waive all or a portion of any performance-based compensation.

As described in the Credit Fund POM, the Credit Fund may charge a rescission fee when an investor is permitted to rescind a notice of withdrawal previously submitted. In addition, the Credit Fund may charge a withdrawal reduction when an investor is permitted to withdraw all or a portion of his investment on a date other than a standard withdrawal date.

The Investment Manager has discretion to agree with an investor in the Credit Fund to waive or modify the application of any provision of the investment terms applicable to the investor in a side letter or in another manner, generally without obtaining the consent of the other investors in the Credit Fund. The terms of a side letter may include, among other things, lock-up waivers, asset-based fee rebates, and other types of more favorable fees or liquidity terms. In addition, the Investment Manager may grant additional transparency or another form of additional disclosure with respect to the performance or operation of the Credit Fund to an investor without obtaining the consent of, or granting similar rights to, other investors in the Credit Fund. Some investors in the Credit Fund may negotiate a most-favored nation provision that permits them to elect to receive the benefit of any modifications or waivers of terms that

another Credit Fund investor negotiates in the future. The Investment Manager may be obligated to disclose to other Credit Fund investors who have most-favored-nation status that particular terms are being offered to other investors through side letters and, in some cases, to offer those terms to other investors who have most-favored-nation status.

The Credit Fund may pay an investor withdrawal proceeds in kind, including in the form of non-voting, non-redeemable equity interests in a special-purpose vehicle that will share in future profits and losses derived from assets held by the Credit Fund on the redemption date that are difficult to value or illiquid, or both. In general, with respect to transactions that are carried out on the basis of the investment objectives and strategy of the Credit Fund as an ongoing investment enterprise, any such special-purpose vehicle will make periodic distributions of proceeds, net of expenses, as underlying positions are realized and will not participate in new investment opportunities. The Investment Manager or an affiliate of the Investment Manager will generally manage the special-purpose vehicle and will typically charge an administrative fee to defray the costs and expenses of its management activities.

Trade Claim Sourcing Commissions

The Investment Manager pays customary trade claim sourcing commissions to some of its employees. The Credit Fund reimburses the Investment Manager for these commissions, which are in addition to the asset-based fee and performance-based compensation described above. This practice may present a potential conflict of interest and may give employees of the Investment Manager an incentive to recommend investment products based on the potential for commission compensation, rather than on the investment objectives of the Credit Fund. The Investment Manager attempts to mitigate this potential conflict of interest by providing disclosure to investors and by requiring the portfolio manager to approve the purchase of a trade claim for which an employee is eligible to receive a commission.

Transaction-Based Fees and Compensation

From time to time, in connection with trade claim sourcing efforts on behalf of the Credit Fund, the Investment Manager may become aware of the existence of a marketable trade claim that is not consistent with the investment objectives of the Credit Fund due to the nature, size, or other characteristic of the trade claim. In these cases, the Investment Manager may purchase the trade claim for the Credit Fund with an intention to resell the claim in the near term. In the alternative, the Investment Manager may identify a trade claim that (1) is too large to meet the investment criteria of the Credit Fund due to position concentration, size, or liquidity considerations or (2) would cause investors in the Credit Fund to incur adverse tax consequences, such as the recognition of unrelated business taxable income or unwanted effectively connected income. In these circumstances, the Investment Manager may purchase and sell the trade claim for its own account or may arrange a direct transaction between a third-party buyer and seller in order to generate a fee for itself. In these circumstances, the Investment Manager will reduce the amount of the management fee next payable by the Credit Fund by the amount of the fee received in the direct transaction, net of any commission paid.

Other Fees and Expenses

The Credit Fund has paid the expenses of its organization. The Credit Fund bears ongoing investment-related costs, including but not limited to custodial, legal, research-related consulting, and other professional expenses. In addition, the Credit Fund incurs brokerage and other transaction costs as described in the section of this firm brochure entitled “Brokerage Practices.” Finally, the Credit Fund may incur fees and expenses payable to third-party service providers, such as insurance, audit fees, tax-preparation fees, director fees, and administration fees. The Credit Fund POM discusses these other expenses and costs in greater detail.

As part of an overall investment strategy, the Investment Manager may invest some assets of the Credit Fund in mutual funds and exchange-traded funds. These funds incur a separate layer of management fees and other expenses that are in addition to the fees and performance-based compensation that we charge.

Item 6

Performance-Based Fees and Side-by-Side Management

As more fully described in the section entitled “Fees and Compensation,” the General Partner may earn performance-based compensation from the Credit Fund. The potential to earn performance-based compensation may create an incentive for us to make investments on behalf of the Credit Fund that are riskier or more speculative than would be the case in the absence of this compensation. Further, performance-based compensation may be earned based on unrealized gains that the Credit Fund never actually realizes.

We seek to address this conflict of interest by disclosing the risk to investors and by instituting a supervisory structure that generally requires multiple layers of review for decisions involving portfolio management and trade allocation. We have adopted policies and procedures that require our employees to act in the best interest of clients.

Item 7

Types of Clients

The Investment Manager furnishes investment management services to a private investment fund, the Credit Fund. The initial subscription minimum and the additional subscription minimum for the Credit Fund are disclosed in the Credit Fund POM. In the future, the Investment Manager may provide investment management services to other private investment funds and managed accounts on either a discretionary basis or a non-discretionary basis.

Each United States investor who participates in the Credit Fund is required to meet certain suitability and net worth qualifications, such as by qualifying as an accredited investor within the meaning of rule 501 of Regulation D under the Securities Act of 1933 or a qualified

purchaser as defined in the Investment Company Act of 1940. In addition, each United States investor in the Credit Fund is required to satisfy the suitability requirements for a qualified client imposed under rule 205-3 under the Investment Advisers Act of 1940 (the “Advisers Act”), which restricts who is allowed to incur performance-based fees. Interests in the Credit Fund are offered only to prospective investors who satisfy the applicable eligibility and suitability requirements for either private placement transactions within the United States or offshore transactions. Typically, these investors are institutions and high net-worth individuals.

Item 8

Methods of Analysis, Investment Strategies, and Risk of Loss

Investing in distressed companies is a form of event-driven investing. We base our decision to invest on the potential occurrence of an event that would enable the Credit Fund to realize a return on its investment, such as (1) the confirmation of a bankruptcy plan of reorganization, (2) a liquidation that distributes cash or securities, or both, or (3) the maturity of a financial asset, like a bond or an account receivable. The types of securities and other instruments in which the Credit Fund invests are typically speculative and involve a substantial degree of risk. Therefore, a prospective investor should meet suitability standards and be able to bear the risks involved. Investors should be prepared to bear the potential loss of all capital invested.

In addition, each investment strategy that we use involves material risk factors. Material risk factors related to a distressed-debt strategy include price and market volatility, domestic or international economic and political developments, incorrect analysis, restrictions on marketability or illiquidity of securities and instruments, and lengthy delays in bankruptcy reorganizations. Material risk factors related to a special-situation equities strategy include price and market volatility, domestic or international economic and political developments, incorrect analysis, interest-rate fluctuations, and changes in exchange rates and exchange control regulations. The Credit Fund POM discusses in more detail specific risks applicable to an investment in the Credit Fund. In an attempt to achieve the investment goals of the Credit Fund, we may engage in investment strategies that include derivatives and foreign-exchange contracts.

We use fundamental analysis to identify investment opportunities for the Credit Fund in distressed debt and special-situation equity securities. We consider potential investments by analyzing the operations of an issuer, its long-term ability to generate cash flow, its place in its industry, and the future of the industry itself. We seek to identify issuers with a strong franchise that is not easily duplicated. Our investment research focuses on intensive analysis that measures the value of a distressed issuer and its surviving business. The research also includes a liquidation analysis of the value of enterprise assets and how that value may be distributed to creditors in a bankruptcy proceeding. We value all liabilities of an issuer based on perceived market prices in an attempt to determine the current market value of company debt.

We source new ideas through direct sector and industry research, the media, public filings, broker-dealers, and professional relationships. We also hold frequent investment meetings in which our analysts present new ideas and discuss developments in existing positions.

We generally use one or more prime brokers to conduct any short selling, including arranging, confirming, and documenting the availability of the borrowed security. If a prime broker is not used in a short sale, then the employee who places our trade is responsible for ensuring that we have arranged for and documented the borrowing of the security sold short. Before we use a broker-dealer to short sell a hard-to-borrow security, our chief compliance officer reviews and approves the procedures of the broker-dealer for obtaining and confirming borrowings of the security sold short.

Item 9

Disciplinary Information

This item is not applicable.

Item 10

Other Financial Industry Activities and Affiliations

The Investment Manager and the General Partner are under common control. Also under common control with the Investment Manager and the General Partner is Longacre Fund Management, LLC, an investment advisor registered with the SEC, and several other investment advisors that are relying advisors with respect to Longacre Fund Management, LLC in reliance on the position expressed in the SEC no-action letter dated January 18, 2012 addressed to the Business Law Section of the American Bar Association. The Investment Manager has a subadvisory arrangement with Longacre Fund Management, LLC to assist in the management of the Credit Fund. In the future, the Investment Manager may provide investment management services to other private investment funds and managed accounts on either a discretionary basis or a non-discretionary basis.

Our chief compliance officer is an attorney who practices through a professional services corporation. She serves as chief compliance officer for several other investment advisors and one broker-dealer. In her capacity as chief compliance officer for the broker-dealer, she is a registered representative of the broker-dealer but does not engage in trading activities. She is also licensed in the State of New York as a real estate broker. We believe that these arrangements create no material conflicts of interest.

From time to time, we may receive material non-public information about an issuer in connection with our activities on behalf of the Credit Fund, such as bank-level information with respect to a company. The possession of this information may prevent us from trading in the securities of the issuer. This trading restriction is necessary to comply with the federal securities laws but may disadvantage the Credit Fund.

Item 11

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

We owe a fiduciary duty to our clients. As a result, we have instituted a code of ethics applicable to all access persons within the meaning of the rules under the Advisers Act. All employees of the Investment Manager are treated as access persons for purposes of our code of ethics and its reporting requirements, and the securities held by family members who share a household with an employee and entities controlled by an employee are also included. We require our employees to avoid activities, interests, and relationships that appear to run contrary to the best interests of our clients. At all times, our employees are instructed (1) to place client interests ahead of our own and their own interests, (2) to obtain preclearance of specified personal securities transactions, (3) to report personal securities transactions at least quarterly, (4) to provide our chief compliance officer with a detailed summary of investments that they beneficially own upon commencement of employment and quarterly thereafter, (5) to abide by our insider-trading policy, (6) to avoid taking advantage of their position of employment, such as by accepting gifts from people who wish to conduct business with us, other than in accordance with our gift policy, and (7) at all times to be in full compliance with the federal securities laws, including but not limited to the Advisers Act. Upon request, we will furnish any prospective investor with a copy of our code of ethics.

Subject to the restrictions and approval requirements described here, our code of ethics permits an employee to trade in individual equity securities and corporate bonds in accounts that we do not manage. Specifically, if an employee owns securities that we are restricted from trading by the federal securities laws or our own policies and procedures (such as when we are in possession of material nonpublic information), the employee is prohibited from selling or otherwise transferring his investment and from purchasing an additional investment of any kind in the issuer.

Notwithstanding this restriction but subject to the preclearance and reporting policies set forth in our code of ethics, we permit an employee to invest in mutual funds, municipal bonds, exchange-traded funds, hedge funds, master limited partnerships traded on exchanges or organized as funds and other similar pass-through investments, and foreign-government securities denominated in foreign currencies. We also permit an employee to engage a third party to manage a personal brokerage account so long as the employee has no direct or indirect influence or control over the management of the account. Opening such a brokerage account requires the approval of the chief compliance officer, who will review the investment management agreement and obtain a written confirmation from the third-party manager that no direct or indirect influence or control will be exercised.

We do not expect our employees to have any significant investments in the securities (other than exchange-traded funds (“ETFs”)) held by the Credit Fund or related securities like warrants, options, or futures contracts on those securities. In addition, we do not expect our employees to be buying or selling securities other than ETFs for the Credit Fund at or about the

same time that they are buying or selling those securities for their own accounts. Finally, we do not expect our employees to buy or sell for the Credit Fund securities other than ETFs in which they have a material financial interest.

Our policy is to prohibit principal transactions. Consequently, neither we nor any employee may engage in a principal transaction with the Credit Fund.

Item 12

Brokerage Practices

We seek to obtain best execution in making decisions regarding brokerage allocation for the Credit Fund, taking into account factors such as: the ability of the broker-dealer to effect prompt and reliable executions at favorable prices (including any applicable dealer spread or commission); the operational efficiency with which transactions are effected, taking into account the size of the order and the difficulty of execution; the level of anonymity provided; the frequency of any errors committed by the broker-dealer; the access of the broker-dealer to liquidity and investment opportunities; the financial strength, integrity, and stability of the broker-dealer; the quality, comprehensiveness, and frequency of available research services that we consider to be of value; and the competitiveness of commission rates in comparison with other broker-dealers that satisfy our other selection criteria. We are permitted to pay higher execution prices for the purchase of securities from, and to accept lower execution prices for the sale of securities to, brokerage firms that provide us with investment and research information. In addition, since commission rates in the United States are negotiable, our decision to select a broker-dealer on the basis of considerations beyond applicable commission rates may at times result in transaction costs that are higher than would otherwise be obtained. Although we generally seek competitive commission rates and commission-rate equivalents, the Credit Fund will not necessarily pay the lowest commission rate or equivalent. Nevertheless, we will have formed a belief that the execution prices or commissions paid are reasonable in relation to the overall brokerage and research products and services that we receive.

We may occasionally participate in opportunities or source investments, including trade claims, from or through investors, entities that are related to our investors, or unaffiliated counterparties with which we have ongoing business relationships that are unrelated to buying and selling investment instruments. These transactions may give the appearance of a conflict of interest. Our chief compliance officer reviews all potential conflicts of interest that we identify in an effort to ensure that the investment sources are capable of providing the best price and overall execution given the prevailing facts and circumstances.

Soft Dollars

We do not currently maintain any formal soft-dollar arrangements. However, some brokerage firms provide us with proprietary and third-party research and access to brokerage products and services like trading desks, investor conferences, and broker-sponsored management team

dinners. We have determined that we would receive most of these services regardless of the level of commissions that our transactions generate. Therefore, we do not believe that we are paying up for research and other brokerage products and services.

Section 28(e) of the Securities Exchange Act of 1934 provides that a person who exercises investment discretion with respect to an account is not deemed to have acted unlawfully or to have breached a fiduciary duty solely by reason of having caused the account to pay a broker-dealer more than the lowest available commission if the person determines in good faith that the amount of the commission is reasonable in relation to the value of the brokerage and research services that the broker-dealer provides. If in the future we enter into a formal soft-dollar arrangement, we intend to acquire only brokerage and research products and services that fall within the safe harbor afforded by section 28(e).

In receiving research, trading-desk access, and other brokerage products or services, we receive a benefit because we do not have to produce or pay for the research, products, or services. Consequently, we may have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than the interests of the Credit Fund in receiving most favorable execution. In some circumstances, we may cause the Credit Fund to pay commissions, markups, or markdowns that are higher than those charged by other broker-dealers in return for the products and services that we receive. We have determined that we would obtain most of these services regardless of the amount of commissions that our transactions generate, and we do business only with brokerage firms whose prices and commissions we have determined to be reasonable in relation to the overall brokerage and research products and services provided.

We do not direct brokerage to particular broker-dealers solely due to the receipt of particular research and other products and services. Rather, we evaluate all of the previously described factors in determining where to execute transactions. We do not have an obligation to direct a specific amount of commissions or transactions to any particular brokerage firm.

Referrals

In selecting or recommending a broker-dealer to execute transactions, we do not consider whether we or a related person will receive investor referrals from the broker-dealer or another third party. To the extent that we receive these referrals, they do not constitute a material aspect of our marketing efforts. Nevertheless, we may have an incentive to select or recommend a broker-dealer based on our interest in receiving referrals, rather than on the interest of the Credit Fund in receiving most favorable execution.

Trade Errors

Our chief financial officer, in consultation with the chief compliance officer, investigates and resolves any trade error involving our employees as soon as practicable, taking into account the facts surrounding the transaction, including the liquidity of the security involved. For example, if we have purchased less than the appropriate quantity of a security, we will place another

order as soon as reasonably practicable at the price at which the security was first purchased. If we have purchased more than the intended quantity of a security, we may transfer the overbought portion into our trade error account or sell the overbought portion in the market. If an error results in a loss to the Credit Fund, we reimburse the Credit Fund from our error account. If the error results in a gain, the Credit Fund retains the gain.

Item 13

Review of Accounts

Our portfolio manager makes all discretionary investment decisions. He is responsible for the ongoing monitoring and analysis of each investment and for managing the investment portfolio of the Credit Fund for characteristics like exposure to specific investments and overall sector, geographic, and asset-class diversification. Our investment personnel review domestic and international events on a daily basis to evaluate how the events may impact the portfolio of the Credit Fund.

We furnish each investor with a monthly statement of the performance and net asset value of his interest in the Credit Fund. We provide Credit Fund investors with Form K-1 tax statements, as required, and annual audited financial statements prepared in accordance with generally accepted accounting principles. In addition, upon request, we provide Credit Fund investors with performance estimates and reports, quarterly performance-attribution reports, and monthly transparency reports.

Item 14

Client Referrals and Other Compensation

The broker-dealers with which the Credit Fund or we have entered into prime brokerage arrangements may occasionally provide us with introductions to potential investors. Prime brokers provide capital introduction services to introduce hedge-fund managers to potential investors, typically through individual meetings or in a conference format that includes other unaffiliated investment advisors. Although prime brokers customarily do not charge a fee for capital-introduction services, receiving these services raises a potential conflict of interest. For example, we may have an incentive to use the services of a specific prime broker because of its ability to raise capital for us. In addition, we benefit from arrangements in which investors are referred to us because our management fees are generally based upon a percentage of assets managed and our performance-based compensation is generally based upon a percentage of net profits on assets under management. In other words, the more assets we manage, the higher are our management fee income and potentially our performance-based compensation will be.

A direct conflict is also presented because prime brokers generally increase their revenues when we raise capital. A prime broker or its affiliates generally receive fees and commissions when we use its services as a qualified custodian for the Credit Fund, from securities

transactions executed on behalf of the Credit Fund, and from lending securities to the Credit Fund as part of an investment strategy like short selling. The availability to us of these products and service does not require us to commit any specific amount of business, such as assets under custody or trading commissions, to the prime broker. In addition, capital introduction programs do not represent a material aspect of our marketing efforts.

Item 15

Custody

We supervise the completion of an annual audit of the Credit Fund by an independent public accountant, as well as the distribution of audited financial statements prepared in accordance with generally accepted accounting principles, to Credit Fund investors within 120 days following the end of the year. The independent public accountant that conducts the audit is registered with the Public Company Accounting Oversight Board and subject to its regular inspections.

Item 16

Investment Discretion

The Investment Manager buys and sells securities and other instruments on a discretionary basis in a manner consistent with the investment objectives, guidelines, and restrictions of the Credit Fund, as set forth in the Credit Fund POM. The Investment Manager is authorized to determine, in accordance with these objectives, guidelines, and restrictions without obtaining the consent of any investor, (1) which securities or other investment instruments to buy or sell, (2) the total amount of securities or other investment instruments to buy or sell, (3) the executing broker or dealer for any transaction, and (4) the commission rates or commission equivalents charged for transactions. Credit Fund investors may not limit the discretionary authority of the Investment Manager.

In addition to any formal investment objectives, guidelines, or restrictions contained in the Credit Fund POM, we maintain informal risk management guidelines that may vary from time to time. These guidelines may address the number of core positions, a maximum sector exposure, a maximum illiquid-asset exposure, a maximum short exposure, and geographic diversification.

Item 17

Voting Client Securities

In accordance with section 206(4)-6 of the Advisers Act, we have implemented written policies and procedures governing proxy voting. Our policy requires us to vote proxies in the best interest of our clients. We are permitted to abstain from proxy votes when doing so would be costly or impractical or when we otherwise deem voting unnecessary or unwarranted in our

commercially reasonable discretion. For example, if a proxy statement were written in a language other than English, obtaining a reliable translation might be uneconomic based on the relative value of the security in the Credit Fund portfolio.

The Investment Manager is responsible for voting Credit Fund proxies and does not accept direction from investors. The trader or his designee maintains (1) a copy of each proxy statement, (2) a record of each abstention or vote cast, (3) as reasonably available, any documentation or explanation that supports the rationale for each abstention or vote cast, and (4) information on any potential conflict of interest. We use reasonable efforts to prepare documentation supporting the rationale for our votes, but only when we do not vote in line with management or when we abstain from voting. Otherwise, one of our employees will have reviewed the proxy voting matter and agrees with management.

The chief compliance officer is notified of, and maintains a record of, any conflict of interest that arises in proxy voting. Possible conflicts of interest include situations in which a third party attempts to influence our vote on a material issue or the Credit Fund or one of our employees holds a material personal stake in an issuer or serves as an executive officer or director of the issuer. In consultation with the chief compliance officer, our portfolio manager approves the voting of all proxies that raise conflicts of interest.

Investors and prospective investors may contact us by telephone at the number on the cover page of this firm brochure to obtain a copy of our proxy-voting policy and information with respect to how we have voted securities.

Class Action Litigation

If we receive class-action documents on behalf of the Credit Fund, we will determine whether we believe that it is in the best interest of the Credit Fund to participate in, actively to opt out of, or to take no action with respect to the litigation. When recovery is achieved in a class action, the Credit Fund will generally have the option either to opt out of the class action and pursue its own remedy or to participate in the recovery achieved.

Other Related Matters

We may invest in types of assets that potentially enable us to play an activist role in the management of the issuer. Our active management of these assets includes, but is not limited to, participation in endorsements, ad-hoc committees, and bankruptcy hearings. These activities do not have proxy notices associated with them and thus fall outside of the specific rules adopted by the SEC. However, as a fiduciary, we seek to manage our activist activities in the best interests of our clients.

Item 18
Financial Information

This item is not applicable.

Brochure Supplement for Vladimir Jelisavcic

We require all senior employees who are involved in determining or giving investment advice to have college educations and substantive experience in financial management. Other employees are not subject to minimum education and business standards.

Educational Background and Business Experience

Vladimir Jelisavcic has been the portfolio manager of the Investment Manager since its inception. From 1999 to present, he has served as a principal of Longacre Fund Management, LLC, an investment advisor registered with the SEC, where he managed three private investment funds. From 1993 to 1998, Mr. Jelisavcic was an associate, rising to a vice president, in the high-yield department of Bear Stearns Cos. Inc., where he traded distressed bank loans and private notes and identified and analyzed investment opportunities in distressed securities. In 1991, Mr. Jelisavcic worked as a law clerk for the SEC in Los Angeles. From 1987 to 1990, he worked in the tax department of Deloitte & Touche. Mr. Jelisavcic was a certified public accountant and has authored articles on trading claims and creditor rights published in the *Journal of Corporation Law*. He earned a juris doctor (professional law degree) *cum laude* from the University of Iowa College of Law in 1993 and a bachelor's degree in accounting from New York University in 1987. Mr. Jelisavcic was born in 1965.

Disciplinary Information

This item is not applicable.

Other Business Activities

This item is not applicable.

Additional Compensation

This item is not applicable.

Supervision

Our chief compliance officer has compliance oversight responsibilities for the activities of Mr. Jelisavcic. She may be reached by telephone at 845.270.9025.