

Item 1 – Cover Page

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Date of this Brochure:

March 26, 2013

This Brochure provides information about the qualifications and business practices of VERMILLION ASSET MANAGEMENT, LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at 212 683-8816 or via email at investorrelations@vam.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

VERMILLION ASSET MANAGEMENT, LLC is a registered investment adviser. Registration of an Investment Adviser does not imply a certain level of skill or training. This Brochure does not constitute an offer to sell or the solicitation of any offer to purchase any securities of any entities described herein.

Additional information about VERMILLION ASSET MANAGEMENT, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov.

Item 2 – Material Changes

The Adviser has made numerous changes to the last version of this Brochure dated March 5, 2012. For many Items, there is new content and/or edited text. Set forth below is a summary of the material and certain non-material changes that have been made:

- 1. Item 4 (Advisory Business):** This Item has been updated to describe the acquisition of a 55% equity interest in the Adviser by The Carlyle Group (“TCG”) on October 1, 2012 and TCG’s role as Managing Member of the Adviser. This Item contains an updated list of the Funds that the Adviser manages, as well as its addition of a separate account client. The Adviser’s regulatory assets under management is updated to reflect the amount as of December 31, 2012.
- 2. Item 5 (Fees and Compensation):** This Item has been updated to generally describe the advisory fees and compensation payable by Clients. The description of the expenses that are chargeable to the Funds has been updated.
- 3. Item 6 (Performance-Based Fees and Side-By-Side Management):** This Item has been updated to expand the discussion of the role of the Adviser’s Risk Committee and its Portfolio and Compliance Review Committee.
- 4. Item 8 (Methods of Analysis, Investment Strategies and Risk of Loss):** This Item has been updated to highlight additional risk factors, including risks associated with equities trading, swaps trading, spread trading, currency hedging, as well as the risks associated with failure of financial institutions and the implementation of the Adviser’s risk reduction strategies.
- 5. Item 9 (Disciplinary Information):** This Item has updated information regarding instances in which the Adviser was found to have exceeded exchange-imposed position limits.
- 6. Item 10 (Other Financial Industry Activities and Affiliations):** This Item describes the registration of the Adviser as a commodity pool operator and commodity trading advisor with the CFTC and membership in the NFA. In addition, this Item addresses the Adviser’s relationship to TCG and its affiliates (including other investment advisers and broker-dealers, as well as the administrator for the Funds), the potential conflicts of interest that may result, and measures implemented by the Adviser to address such conflicts.

7. **Item 11 (Code of Ethics):** This Item describes The Carlyle Group Code of Conduct and New York Attorney General's Public Pension Fund Reform Code, to which the Adviser's personnel are now subject. In addition, the description of the Adviser's allocation policy is updated.
8. **Item 12 (Brokerage Practices):** Section A1 of Item 12 has been significantly reorganized, and the description of the Adviser's order aggregation policies and procedures has been updated.
9. **Item 14 (Client Referrals and Other Compensation):** This Item contains a description of the TCG affiliate, TCG Securities, L.L.C., which serves as a non-exclusive placement agent for the Funds.
10. **Item 15 (Custody):** This Item is updated to contain a description of how the Adviser may comply with the Custody Rule in connection with the special purpose vehicle.

You may request our Brochure by contacting Dorothy Gamber, Associate – Investor Relations at 212 683-8816 or via email at investorrelations@vam.com.

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Item 4 – Advisory Business

- A. General Description of Advisory Firm:** Vermillion Asset Management, LLC (the “Adviser”) is a Delaware limited liability company that provides investment advice to various private investment funds and one separate account. The Adviser commenced operations in 2005. The founding members of the Adviser are Andrew Gilbert and Chris Nygaard (the “Founders”). The principal owners of the Adviser are the Founders and The Carlyle Group (“Carlyle”), which acquired a 55% equity interest in the Adviser on October 1, 2012. The Founders jointly manage the Adviser’s day-to-day ordinary course of business operations. The Adviser has established Operating Committees, on which both the Founders and a Carlyle representative serve, to review and make decisions jointly with respect to certain matters outside the ordinary course of the Adviser’s business.
- B. Description of Advisory Services:** The Adviser has particular expertise in commodities trading, including executing trading strategies in global commodities, physical commodities, volatility, equities and derivatives.

As of the date hereof, the Adviser provides investment advice to the nine private investment funds, one multi-series special purpose vehicle and one separate account that are identified below.

The funds that the Adviser currently manages are:

The Viridian Funds (collectively referred to herein as the “Viridian Funds”):

Viridian Fund, LP (“Viridian LP”) – onshore feeder fund into master fund Viridian, Ltd.

Viridian Fund, Ltd. (“Viridian Ltd”) – offshore feeder fund into master fund Viridian, Ltd.

Viridian, Ltd. – offshore master fund

The Celadon Funds (collectively referred to herein as the “Celadon Funds”)

Celadon Commodities Fund, LP (“Celadon LP”) – onshore feeder fund into master fund Celadon Commodities, Ltd.

Celadon Commodities Fund, Ltd. (“Celadon Ltd”) – offshore feeder fund into master fund Celadon Commodities, Ltd.

Celadon Commodities, Ltd. - offshore master fund

The Crimson Funds (collectively referred to herein as the “Crimson Funds”)

Crimson Physical Commodities Fund, LP (“Crimson LP”) - onshore feeder fund into master fund *Crimson Physical Commodities, Ltd.*

Crimson Physical Commodities Fund, Ltd. (“Crimson Ltd”) - offshore feeder fund into master fund *Crimson Physical Commodities, Ltd.*

Crimson Physical Commodities, Ltd. – offshore master fund

Each of the private investment funds is herein referred to as a “Fund”, and collectively as the “Funds”. *Crimson LP*, *Celadon LP* and *Viridian LP* are herein referred to as the “Domestic Funds”. *Crimson Ltd*, *Celadon Ltd* and *Viridian Ltd* are herein referred to as the “Offshore Funds”. Investors in the Funds are herein referred to as “Investors”.

The multi-series special purpose vehicle that the Adviser manages is the **VMF Special Purpose Vehicle SPC**, which is organized as an offshore private fund. The SPV serves as a vehicle to hold certain investments for any one or more of the Funds described above. The SPV has no other investors besides the Funds. The special purpose vehicle is herein referred to as the “SPV”.

The Adviser currently also has one separate account client, referred to herein as the “Separate Account”. The Separate Account is a private investment fund to which the Adviser provides subadvisory services pursuant to an individually negotiated advisory agreement.

From time to time herein, the Funds, the SPV and the Separate Account may be referred to as “Clients” of the Adviser.

- c. Availability of Tailored Services for Individual Clients:** Except for the Separate Account, the Adviser does not generally tailor its advisory services to the individual needs of Clients. All Client assets are managed by the Adviser on a discretionary basis.

Each Fund has individual investment guidelines and objectives, as detailed in its respective offering memorandum (each, an “Offering Memorandum”, and collectively the “Offering Memoranda”). An Investor has no ability to restrict the types of investments that the Adviser may make.

The investment guidelines and objectives for the Separate Account are set forth in its investment advisory agreement with the Adviser.

As noted above, the SPV serves as a vehicle to hold certain investments for any one or more of the Funds managed by the Adviser. The Adviser chooses investments to be held by the SPV for reasons of operational efficiency or in order to segregate an asset.

- D. Wrap Fee Programs:** The Adviser does not participate in wrap fee programs.
- E. Client Assets Under Management:** As of December 31, 2012, the amount of regulatory assets under management that the Adviser managed on a discretionary basis was approximately \$2,794,264,996. The Adviser manages no assets on a non-discretionary basis.

Item 5 – Fees and Compensation

- A. Advisory Fees and Compensation:** The Adviser or its affiliates generally receive management fees and performance-based (incentive) fees from Clients, and may reduce, waive or rebate such fees, including those otherwise payable by affiliates. In general, the specific legal and/or organizational documents of the relevant Client or the investment advisory agreement between the Adviser and such Client describe the basic fee structure relevant to such Client. In addition, the Offering Memoranda for the Funds describe the basic fee structure relevant to Investors in each Fund.

The SPV does not charge any management or performance fees to the Funds, but may charge a Fund certain fees and expenses directly related to the investments that it holds on such Fund's behalf (e.g., transaction fees, storage fees, insurance costs).

The following sections discuss the Adviser's fees and expenses in more detail.

- B. Payment of Fees:** For the Funds, fees charged are deducted from Investor accounts. Investors are not separately billed for fees charged. Management fees are calculated and accrued monthly and payable quarterly. If an Investor makes a contribution to, or a withdrawal from, a Fund on a date other than the end of a calendar quarter, the management fee is pro-rated. Performance (incentive) fees are calculated and payable annually (unless an Investor redeems during the year, in which case such fees are payable at the time of redemption). See Item 6 for additional information related to performance fees.

An Investor's monthly account statement shows an Investor's holdings in the Fund net of all fees and expenses.

The Separate Account pays fees and compensation as set forth in an individually negotiated agreement.

- C. Other Fees and Expenses:** Each Fund will pay all of the direct costs and expenses associated with its operations. These include, without limitation:

(a) all expenses related to the ongoing offering of interests in a Fund and filing fees;

(b) all taxes imposed on a Fund (or that a Fund is required to withhold or pay with respect to any of its Investors);

(c) all brokerage fees and commission expenses or other expenses of transactions engaged in by a Fund;

(d) all commitment fees and interest charged on debit balances and monies borrowed in connection with a Fund including, without limitation, positions held on margin;

(e) all auditing expenses incurred in connection with a Fund and the preparation of tax returns;

(f) all legal fees and expenses;

(g) all accounting fees and expenses;

(h) all research fees and expenses, including research-related travel;

(i) all exchange, board of trade or other trading or execution facility membership or participation expenses;

(j) all bookkeeping, recordkeeping, administration and clerical fees and expenses;

(k) all printing and duplication expenses;

(l) all market data, newswire and data processing expenses, and software and connectivity charges;

(m) all custody charges;

(n) the expense of errors and omissions and other appropriate insurance coverage with respect to a Fund and its management and operations;

(o) all fees and costs payable in connection with preparing and mailing reports to Investors;

(p) all other ordinary and out-of-pocket expenses of the Fund; and

(q) all expenses not in the ordinary course of business incurred in connection with the operation of a Fund, including, without limitation, (A) litigation expenses, including expenses of litigation and settlement in connection with any portfolio investment, (B) expenses of

registering a Fund (but not the Adviser or any of its affiliates) with any federal or state agency under the requirements of any applicable law, including without limitation, the Investment Company Act, and (C) expenses incurred in connection with the indemnification of the Adviser and any other of its employees or affiliates; and (I) all fees and costs payable in connection with preparing and mailing reports to Investors, and other ordinary and out-of-pocket expenses of a Fund. In addition, for so long as a feeder fund maintains its investment in its master fund, such feeder fund will bear its *pro rata* portion of the expenses incurred by the master fund.

As noted above, Investors in the Funds also incur brokerage and other transaction costs because the Funds pay those fees from Fund assets. Each Offering Memoranda discusses these brokerage and transaction costs, and the factors related to how brokers are selected. Item 12 below also further describes the factors that the Adviser considers in selecting broker-dealers for transactions and determining the reasonableness of their compensation (*e.g.*, commissions).

The Separate Account may pay other fees and expenses, including brokerage fees, as set forth in an individually negotiated agreement.

Investors are subject to the foregoing fees and expenses regardless of whether any profit is made on investments.

- D. Prepayment of Fees:** Management fees for the Funds are typically paid in arrears, however, at the discretion of the Adviser (or its affiliate), these fees may be paid prior to full accrual for greater operational efficiency. As noted in Item 5.B above, management fees are calculated and accrued monthly and payable quarterly. Once charged to an Investor's account, there is no refund of any of the fees and expenses that have been charged. Note that the performance fee is not paid in advance.

The Separate Account may be required to prepay fees if specified under its individually negotiated agreement.

- E. Additional Compensation and Conflicts of Interest:** No supervised person of the Adviser accepts compensation for the sale of securities or investment products to the Funds.

Item 6 – Performance-Based Fees and Side-By-Side Management

The Adviser charges each of the Funds and the Separate Account performance-based fees (sometimes called an “incentive fee” or “incentive allocation”). These fees vary among the Funds and the Separate Account.

(The Adviser does not charge the SPV a separate performance-based fee.) The incentive allocation, once made, is not subject to claw-back in the event of subsequent losses. Thus an Investor may be subject to an incentive allocation even when it did not receive a profit during the entire term of its investment.

Because the Adviser and its investment personnel manage more than one Client account, a potential exists for one Client to be favored over another Client. In particular, the Adviser and its investment personnel have a greater incentive to favor Clients that pay the Adviser (and indirectly its investment personnel) higher performance-based fees. In addition, the principals and certain employees of the Adviser may have personal investments in one or more of the Funds, and such investments may not be proportionate among the various Funds. Accordingly, the Adviser may have an incentive to favor Funds in which its principals or employees have a greater interest.

The Adviser has adopted and implemented policies and procedures intended to address conflicts of interest relating to the management of multiple Client accounts. The Adviser reviews account performance as part of the daily review of risk reports conducted by members of the Adviser's Risk Committee and as part of the Adviser's quarterly Portfolio and Compliance Review Committee (the "PCRC") meetings. See Item 11 for discussion of the Adviser's allocation policies. The Adviser prohibits the allocation of investment opportunities based on anticipated compensation or profits to the Adviser, any affiliates or their professionals.

Item 7 – Types of Clients

The Adviser currently provides investment advice only to the Funds and the Separate Account. The minimum initial investment in all Funds is \$1,000,000, subject to waiver, reduction, or increase by the General Partner, or the Board of Directors, as the case may be (but, for the Offshore Funds, in no event will the minimum be less than \$100,000).

Potential Investors must be "accredited investors" as defined in Rule 501 of Regulation D under the Securities Act of 1933, as amended (the "Securities Act"), (ii) "qualified purchasers" as defined under the U.S. Investment Company Act of 1940, as amended (the "Investment Company Act"), and (iii) knowledgeable and experienced in financial and business matters such that they are capable of evaluating the merits and risks of an investment in a Fund and otherwise must meet the requirements set forth in the Funds' subscription documents in order to invest in the Funds.

Once invested in a Fund, an Investor may maintain an investment in such Fund without reference to a minimum investment amount. Certain employees of the Adviser may invest in the Funds at less than the above-stated minimum requirement.

The Separate Account has an individually negotiated minimum investment requirement.

As described above, the SPV's sole purpose is to hold certain investments on behalf of one or more Funds and the concept of minimum investment is not applicable to the SPV.

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

A. Methods of Analysis and Investment Strategies:

Broadly, the Adviser's methods and strategies attempt to extract substantial risk-adjusted returns in the commodities space by executing trading strategies in global commodities, physical commodities, volatility, equities, and derivatives. The Adviser specializes in trading a broad range of physical, exchange-traded and over-the counter commodities, derivatives, futures and options as well as debt and equity securities.

The Adviser's methodology utilizes analysis and research on the underlying economic factors that affect supply and demand in commodity interests and securities over time, as well as in different geographic locations. The Adviser utilizes quantitative and fundamental analysis of securities and derivatives to locate inefficiencies within their related markets. The Adviser monitors related commodity interest prices and securities prices, as well as their respective physical prices and basis levels in different geographies, and compares them to calculated theoretical fair values of the same. Each trading opportunity is analyzed through a variety of filters, including fundamental analysis of the commodities involved, historical spread price analysis, cyclical statistical analysis, seasonal analysis, correlation analysis and futures and forwards curves.

In addition, the Adviser has authority to trade physical commodities, and the ability to arrange for the transportation of physical commodities as well as negotiate storage of the same. The Adviser also has the authority to trade OTC forward contracts in commodities (both priced and unpriced). It is both willing and able to trade front-month futures within the delivery period and thereby take advantage of extreme seasonal moves in price and inventory aberrations. Further, it is able to be the exporter of record of commodities and thereby make use of government export subsidies when available.

As noted above, the Adviser's three Fund groups are focused on the commodities space. The Viridian Funds are relative value commodities funds. The Celadon Funds are enhanced-beta commodities funds. The Crimson Funds are long-biased physical commodities funds. Please see the Offering Memoranda for a full description of investment strategies utilized for a particular Fund.

The Separate Account has an individualized investment strategy focused on the commodities space that is set forth in its investment advisory agreement.

Investing in the Funds or a Separate Account is highly speculative and involves risk of loss that Investors should be prepared to bear. Only sophisticated persons who are able to bear the economic risk of the loss of all or a portion of their investment should invest. There is no guarantee that investment objectives will be achieved.

B, C. Material Risks of the Adviser's Investment Strategies, Methods of Analysis and Types of Securities:

Investing in commodities, securities, futures, options and other derivatives is extremely speculative and Clients and Investors can lose their entire investment. Such investments fluctuate in value on the basis of numerous factors, sometimes unrelated to the value or characteristics of the particular financial instrument or issuer, and those fluctuations can be pronounced and difficult to predict.

All investments risk the loss of capital. The nature of the commodity interests and securities to be purchased and traded by the Adviser and the investment techniques and strategies to be employed by the Adviser may increase such risk. The identification of trading opportunities to enhance returns is a difficult task, and there can be no assurance that such opportunities will be successfully recognized. While the Adviser will devote its best efforts to the management of Client portfolios, there can be no assurance that losses will not be incurred. In addition, returns generated from investments may not adequately compensate Investors for the business and financial risks assumed. An Investor should be aware that it may lose all or part of its investment. Many unforeseeable events, including actions by various government agencies and domestic and international economic and political developments, may cause sharp fluctuations in the market that could adversely affect each Client's portfolio and performance.

Some of the principal material risks of the Adviser's investment strategy are summarized below. Fund Investors also should carefully read the Offering Memoranda for a full description of risk factors relevant to the particular Fund in which they are investing.

- A principal feature of the Adviser's investment strategy is acquiring and holding a portfolio of **physical commodities**. Dealing in physical commodities entails risks that are not faced by commodities trading funds that limit their investments to futures contracts, options on futures and other derivatives. These risks include substandard quality, infestation, degradation, spoilage and shrinkage, for example, as well as fraud, documentation errors, storage, transportation, and insurance. The Adviser maintains property insurance to cover the risk of loss or damage to the physical commodities and believes it is able to manage other risks presented by accepting physical delivery. However, losses may be incurred, and the physical aspect of the commodities may result in delays in the liquidation of the commodities as there can be no assurance of a readily liquid market for such commodities.
- **Prices of commodity futures contracts** are affected by a wide variety of complex factors that are difficult to predict, such as changes in supply and demand relationships (whether actual, perceived, anticipated, unanticipated or unrealized); governmental activities, regulations and programs, whether affecting trade, fiscal, monetary, exchange control or other elements of policy; domestic and foreign political and economic events and policies; weather; disease; pestilence; technological developments; changes in interest rates; inflation rates; currency devaluations and revaluations; and the current or spot prices of the underlying physical commodities which may also move in an unpredictable manner. All of these factors contribute to the inherent volatility of the marketplace. Futures contracts require the deposit of margin (that is, cash investments that are good faith deposits and that act like a performance bond). Under normal circumstances, margin requirements range from about 4 percent to 20 percent of the value of the futures contract, and changes in the market price of the futures contract will increase or decrease the margin required. Moreover, it is not always possible to execute a buy or sell order at the desired price either due to market conditions or limits on positions and/or daily price fluctuations imposed by exchanges and approved by the CFTC. When the market price of a futures contract reaches its daily price fluctuation limit, no trades or only a limited number of trades can be executed. The holder of a futures contract may be locked into an adverse price movement and could lose considerably more than the deposited margin. Another instance of difficult or impossible execution occurs in thinly traded markets or markets that lack sufficient trading liquidity.
- The **freight derivatives market** is much newer and less well-developed than other more established commodities futures markets and, accordingly, presents greater credit, liquidity and clearing risks than such other markets.
- The Adviser may trade commodities and securities by utilizing **leverage**. Leveraged investments, including any purchase or sale of commodities or

securities on margin, may result in losses in excess of the amount invested. A relatively small price movement in a commodity interest or security that is acquired on a leveraged basis may result in immediate and substantial losses. In addition, trading on margin will result in interest charges that may be substantial. Consequently, the level of interest rates generally, and the rates at which a Client account can borrow in particular, will affect the operating results.

- The Adviser may utilize **short-term margin borrowings** which can result in certain additional risks. For example, should the assets pledged to brokers to secure a Client's margin account decline in value, it could be subject to a "margin call," pursuant to which it must either deposit additional funds with the broker, or suffer mandatory liquidation of the pledged assets to compensate for the decline in value. In the event of a sudden and precipitous drop in assets, a Client account might not be able to liquidate assets quickly enough to pay off its margin debt. In the forward, currency and certain other derivative markets, margin deposits may be even lower or not required at all. Such low margin deposits are indicative of the fact that any trading in these markets typically is accompanied by a high degree of leverage. Low margin deposits mean that a relatively small adverse price movement in a futures or forward contract may result in immediate and substantial losses.
- The Adviser may engage in **short selling and spread trading**. Selling securities short runs the risk of losing an amount greater than the amount invested. Short selling is subject to theoretically unlimited risk of loss because there is no limit on how much the price of the stock may appreciate before the short position is closed. Regarding spread trading, to the extent the price relationships between two or more financial instrument positions (the "spread") remains constant, no gain or loss on the positions will occur. In addition, there is a substantial risk that the price differential could change unfavorably causing a loss to the spread position.
- The **brokers, banks and other financial institutions** with which a Client does business or at which a Client's assets are held may fail or may encounter financial difficulties that impair the operational capabilities or the capital position of the Client.
- **Incorrect judgments** by the Adviser, either with respect to its construction of a Client's portfolio of physical commodities, its opportunistic trading strategies or the general direction of the financial markets or particular commodities or securities, could cause a Client to fail to achieve its objective and suffer losses. The Adviser may employ various **risk reduction strategies** designed to minimize risk, however a substantial risk remains that such strategies will not always be possible to implement and when possible, will not always be effective in limiting losses.

- The use of **swaps, futures, forward, spot and options trading** presents particular risks and such trading is considered more speculative than certain types of equity investing. Particular risks include, but are not limited to, counterparty risk, liquidity risk and dependence on the skills of the Adviser to correctly assess the market for these instruments. Depending on how they are used, the use of these instruments may also increase or decrease the overall volatility of a Client's portfolio.
- The **regulation** of futures, forward, spot and option trading in the United States and other countries is constantly changing. While not anticipated, changes could occur that have a material adverse effect on a Client account or the markets in which it trades. Trading on foreign exchanges and in foreign markets may involve certain risks not applicable to trading in the United States, such as expropriation, burdensome or confiscatory taxation, moratoriums, exchange and investment controls and political events.
- Investments that are not denominated in US dollars are subject to **currency exchange rate risks**. Among the factors that may affect currency values are trade balances, the level of short-term interest rates, differences in relative values of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Adviser may seek to hedge currency risks by purchasing and selling exchange-traded or OTC put and call options on any currency in which an investment is denominated, but there can be no assurance that such strategies will be effective.
- Trading in **equity securities** may involve certain risks including fluctuations in price due to specific situations for a company, industry market conditions and general economic environments. In addition, securities of smaller companies may involve more risk and their prices may be subject to more volatility.
- The Funds **do not make distributions** and are not suitable for Investors seeking current income.

Note that the Adviser has in place policies and procedures to address risk. These include: a daily meeting of the Risk Committee, and reviews undertaken in connection with the quarterly meetings of the PCRC. The Adviser retains a risk management consultant, who, in support of the Adviser's Risk Committee, produces daily risk reports and monitors the Funds, the SPV and the Separate Account.

Item 9 – Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to an Investor's evaluation of the Adviser or the integrity of the Adviser's management. The Adviser has no disclosures to make in this regard about any of its management persons or employees. With respect to the Adviser itself, the exchanges on which the Adviser conducts its commodities trading (including ICE U.S. OTC Commodity Markets LLC, the New York Mercantile Exchange and the Chicago Mercantile Exchange) have made findings on four occasions over a period of approximately three years that the Adviser exceeded relevant exchange-imposed position limits. In each case, the Adviser entered into a settlement, without admitting or denying the violation. The settlements resulted in fines and, in one case, disgorgement of profits, to be paid to the applicable exchange. These regulatory actions are detailed in the ADV Part 1 Schedule DRP. The Adviser does not believe that the penalties and profit disgorgements assessed are in aggregate material to the Adviser.

Item 10 – Other Financial Industry Activities and Affiliations

- A. Broker-Dealer Registration Status:** Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.
- B. Futures Commission Merchant, Commodity Pool Operator or Commodity Trading Adviser Registration Status:** The Adviser is registered as a commodity pool operator and commodity trading advisor with the U.S. Commodity Futures Trading Commission (CFTC) and is a member of the National Futures Association (NFA). As such, various persons associated with the Adviser are registered with the NFA as associated persons and/or principals of the Adviser. The Adviser has claimed "registration lite" exemptions under CFTC Rule 4.7 which provides relief from certain disclosure and periodic reporting requirements.
- C. Material Relationships or Arrangements with Industry Participants:**

The Carlyle Group

Carlyle owns a 55% equity interest in the Adviser. Carlyle is a global alternative asset management firm with business operations across several business segments. As of October 1, 2012, when Carlyle acquired its equity interest in the Adviser, the Adviser became part of Carlyle's Global Market Strategies Group platform, which focuses on various types of credit

and other alternative investments. The Global Market Strategies Group includes several investment advisers, including the Adviser.

Carlyle has a consent right over certain Adviser actions, including, among others, modifying overall investment guidelines, starting or launching new funds, accounts or strategies, closing existing funds or forming separate series of limited partnership interests or classes of shares of any fund, and operating matters that are not in the ordinary course of business. Although the Adviser is a separately-registered investment adviser that operates independently of other Carlyle-affiliated investment advisers that are within the Global Market Strategies Group, its status as part of the larger Carlyle organization raises certain actual and potential conflicts of interest, as discussed below.

Because Carlyle and its affiliates have many different asset management and advisory businesses and operate on a global basis, the Adviser may be subject to greater regulatory oversight than it would be absent the Carlyle relationship.

While company and entity investment is not the Adviser's primary focus, the Funds and the Separate Account may invest in companies or other entities in which Carlyle-affiliated advisory clients (e.g., pooled investment vehicles and managed accounts) have or are concurrently making a separate investment (e.g., an equity investment) and, likewise, Carlyle-affiliated advisory clients may invest in companies or other entities in which the Funds, the SPV and the Separate Account have an existing investment or are concurrently making an investment. In such situations, the Adviser's Client and such other Carlyle-affiliated advisory clients may have conflicting interests (e.g., over the terms of their respective investments). In a bankruptcy proceeding the interests held by the Adviser's Clients may be subject to enhanced scrutiny, subordinated or otherwise adversely affected by virtue of the involvement and actions of an affiliate of Carlyle relating to the company involved in the bankruptcy proceeding.

The Adviser and its Clients also may be subject to certain legal and other restrictions on their investment activities as a consequence of the Carlyle relationship including, for example, restrictions under the Bank Holding Company Act or limitations imposed by non-U.S. regulatory authorities (e.g., the UK Panel on Takeovers and Mergers) with respect to investments in a company when a Carlyle advisory Client holds the equity of that company

and the company is an affiliate of Carlyle (a “Carlyle Portfolio Company”). In considering whether to make an investment in a Carlyle Portfolio Company, the Adviser takes into account such potential legal and/or contractual restrictions and considers the likely impact of such restrictions on the Adviser’s strategy with respect to that investment. Any such investment is made on an arms-length basis and on terms that are fair to Clients in the good faith judgment of the Adviser.

Certain Carlyle-affiliated entities may trade in commodity futures contracts that are also held by the Adviser’s Clients and that are subject to the regulatory rules imposing position limits. The Adviser generally will conduct its business so that its positions in commodity futures contracts will not be aggregated with those of other Carlyle-affiliated entities. The Adviser will seek to identify situations that may present risk that its positions will be aggregated with the positions of other Carlyle-affiliated entities, and seek to ensure compliance with applicable position limit rules. In the event that the Adviser’s Clients’ positions in certain commodity futures contracts are aggregated with the positions of other Carlyle-affiliated entities, such aggregation may limit the number of such contracts in which the Adviser’s Clients invest.

Carlyle and its directors, members, managers, partners, shareholders, officers, employees, agents and affiliates may conduct any other business, including any business within the securities industry, whether or not such business competes with the Adviser. Without limiting the generality of the foregoing, Carlyle and its affiliated companies and persons act and will continue to act as general partner, investment adviser or investment manager for others, manage funds, separate accounts or capital for others, have, make and maintain investments in their own name or through other entities and may serve as officers, directors, consultants, partners or stockholders of one or more investment funds, partnerships, securities firms or advisory firms.

One of Carlyle’s Global Market Strategies Group’s senior personnel (“Senior GMS Personnel”) also is a member of the Adviser’s Operating Committees. The Operating Committees do not participate in the Adviser’s day-to-day investment decision-making, but members participate in certain decision-making on matters outside the ordinary course of the Adviser’s business. The Senior GMS Person is not required to, and will not, allocate all of his professional time to the Adviser. Rather, he allocates the majority of his time to matters pertaining to other areas of Carlyle’s business, and

devotes so much of his time to the Adviser's business as is reasonably warranted.

Carlyle has in place an information barrier (the "GMS Information Barrier") that segregates the flow of material, non-public information between the Global Market Strategies Group (including the Adviser and the other investment advisers within the Global Market Strategies Group, as well as personnel in the Global Market Strategies Group) and the rest of Carlyle ("Carlyle Private Equity/Real Assets"). The effect of the GMS Information Barrier is that the Adviser generally will not be able to use, act on or otherwise be made aware of material non-public information otherwise known by or in the possession of Carlyle Private Equity/Real Assets (and vice-versa), and collaboration between personnel of the Global Market Strategies Group on the one hand, and personnel working within the rest of Carlyle, on the other hand, may be limited, reducing potential synergies that could otherwise benefit the Adviser's Clients.

Carlyle also has in place an information barrier within the Global Market Strategies Group that segregates the flow of material, non-public information between the Adviser and other business segments within the Global Market Strategies Group (the "VAM Information Barrier"). As a consequence, the Adviser's Clients generally will not be able to use, act on or otherwise be aware of confidential information otherwise known or in the possession of such other business segments within Global Market Strategies (and vice-versa), and collaboration between personnel in those segments and the Adviser also may be limited. The Global Market Strategies Group may determine to situate one or more other Global Market Strategies business segments on the same side of the information barrier as the Adviser if doing so is determined to be in the best interest of clients and investors to foster synergies between them. In that case, there will be no segregation of the flow of information between the Adviser and such other Global Market Strategies segment(s) and there will be a single restricted trading list applicable to the Adviser and any such segment(s). While the Adviser typically will be consulted with respect to proposed trading restrictions arising from the pursuit of investment opportunities by other business segment(s) behind the VAM Information Barrier, a security may be put on the shared restricted list and the Adviser will as a result be precluded from acquiring that particular security on behalf of the Adviser's Clients. Similarly, the Adviser may not be able to dispose of a security owned by the Adviser's Clients, even in a declining market, if the security is added to the shared restricted list after the Adviser acquires that security; such a limitation would continue until the security is removed from the shared restricted list.

Investment Advisers

The Adviser is under common control with Carlyle Investment Management L.L.C. ("CIM"), and Carlyle GMS Investment Management L.L.C. ("CGMSIM"), investment advisers that are separately registered with the SEC. CIM also is under common control with several advisers that are either registered in the United States with the SEC or are located outside of the United States, as described more fully in CIM's Form ADV Part 2A on file with the SEC. The Adviser functions independently of CIM, Carlyle GMS, and the other advisers. CIM manages investment vehicles that may have investment strategies that overlap with those of the Adviser's Clients. It is therefore possible that CIM independently may consider the same investment opportunities as the Adviser's Clients, and thereby, on any given occasion, compete with the Adviser for these investment opportunities. CGMSIM plans to act as an adviser to a CIM affiliate that has filed a Form 10 with the SEC to launch a business development company.

Broker-Dealers

TCG Securities, L.L.C. ("TCG Securities"), an affiliate of Carlyle, is a limited purpose broker-dealer registered with the SEC and a member of the Financial Industry Regulatory Authority ("FINRA"). TCG Securities acts as a placement agent with respect to the offer and sale of interests in affiliated, private investment vehicles, including the Funds. TCG Securities does not currently intend to offer investment products sponsored or issued by unaffiliated third-parties, or to act as a broker-dealer or agent for transactions effected on behalf of the Adviser or other of its affiliated, private investment vehicles and does not intend to hold funds or securities for, or owe money or securities to, Clients generally.

Additionally, Carlyle holds and may in the future acquire ownership stakes in one or more other broker-dealers. The Adviser does not intend to execute trades through such Carlyle-affiliated broker-dealers.

Administrator

SS&C Technologies Holdings, Inc. ("SS&C") serves as the administrator for the Funds and the SPV, and as such provides administrative and accounting services, middle/back office services and risk services. SS&C is a portfolio

company of Carlyle Partners IV, an investment fund advised by Carlyle Investment Management, L.L.C. ("CIM"). While Carlyle owns majority interests in each of CIM and the Adviser, the Adviser's contractual relationship with SS&C pre-dates the Adviser's acquisition by Carlyle. The Adviser's decision to continue use of an affiliated administrator gives rise to certain conflicts of interest, including between the duties of Carlyle and the Adviser and their incentive to direct business to a Carlyle affiliate. Additionally, as a Carlyle portfolio company, the Administrator may not have the same independence with respect to the performance of its duties as an unaffiliated or unrelated service provider. To address these conflicts, the Adviser monitors and evaluates the Administrator's performance of services on behalf of Client accounts and, to the extent there are any material service issues or conflicts arising from the Carlyle's relationship, the Adviser will seek to remediate such issues or conflicts, and if such issues or conflicts cannot be adequately remediated, will replace the Administrator.

- D. Material Conflicts of Interest Related to Other Investment Advisers:** The Adviser does not recommend or select other investment advisers for its Clients.

Item 11 – Code of Ethics

- A. Code of Ethics:** The Adviser and its personnel abide by The Carlyle Group Code of Conduct (the "Code"). The Code sets forth standards of ethical conduct for employees and is designed to address and avoid potential conflicts of interest as required under Rule 204A-1 of the Advisers Act. Among other things, the Code prescribes standards for dealing with Clients ethically, addresses conflict of interest issues, and supplements personal trading and operating procedures. The Code provides guidance in specific areas, including but not limited to, confidentiality of the Adviser's information, personal investments, gifts and entertainment and personal political activities.

In addition to the Code of Conduct referred to in the paragraph above, the Adviser, as a Carlyle affiliate, has adopted the New York Attorney General's Public Pension Fund Reform Code of Conduct ("Public Pension Fund Code"). That Public Pension Fund Code governs the Adviser's interactions with public pension funds in the United States and, among other matters, (a) bans the use of outside placement agents and lobbyists in connection with obtaining investments from such public pension funds, (b) bans certain campaign contributions in the United States and (c) provides for (i) increased disclosure, (ii) strengthened employment, confidentiality and gift policies,

and (iii) conflicts of interest procedures as they relate to public pension funds in the United States. The Public Pension Fund Code also addresses the pay-to-play regulations promulgated by the SEC.

The Adviser's Investors or prospective Investors may request a copy of the firm's Code of Ethics and Public Pension Fund Code. Please contact the Adviser at 212 683-8816 or via email at investorrelations@vam.com to request a copy.

B. Transactions in Securities where the Adviser or a Related Person has a Material Financial Interest:

Neither the Adviser nor any of its related persons recommend to the Funds, the SPV or the Separate Account, or buy or sell for any of them, securities in which the Adviser or any related person has a material financial interest. Please note however that principals of the Adviser as well as other key employees of the Adviser are personally invested in Viridian LP, and Crimson LP. Accordingly, the Adviser could be deemed to be recommending securities in which its related persons have a material financial interest when it recommends investment in those Funds.

The Adviser does not permit the execution of internal cross-transactions (i.e., one Client account selling securities to, or buying securities from, another Client account). In addition, neither the Adviser nor any of its related persons buy securities from, or sell securities to, the Adviser's Clients as principal (a "principal transaction"). In the event the Adviser contemplates engaging in a principal transaction, the Adviser will only complete such a transaction in accordance with the requirements of Section 206(3) of the Advisers Act, which include notice to, and consent from, affected Clients. The Adviser requires its personnel to bring any proposed principal transactions to the attention of the Adviser's Chief Compliance Officer prior to execution so that the proper course of action can be determined.

Except for the "master funds", which act as the investing entity for their respective "feeder funds", neither the Adviser nor any of its related persons act as a general partner in a Fund in which other Funds are solicited to invest. Neither the Adviser nor any of its related persons act as an investment adviser to an investment company that it recommends to the Funds.

C, D. Investing in Securities Recommended to Clients; Contemporaneous Trading:

The Adviser has no proprietary trading accounts and therefore does not invest in the same (or related) securities in which the Funds are invested.

The Carlyle Group Code of Conduct, together with Carlyle's policies and procedures to prevent insider trading applicable to the Adviser and its personnel, place restrictions on personal trades by the Adviser's personnel, including that they disclose their personal securities holdings and transactions to the Adviser on a periodic basis. The Code also prohibits the Adviser's personnel from trading in any security of any issuer listed on the restricted trading list applicable to all Carlyle personnel. In addition, the Adviser's policies (i) require personnel to obtain pre-clearance of all personal securities transactions, except for certain limited transactions expressly permitted without pre-clearance, and (ii) prohibit personnel from transacting for their own accounts in: (A) securities issued by a company that the Adviser is analyzing or recommending for transactions for Clients, or (B) securities issued by a company which are currently held in the portfolio of any of the Clients. It is the responsibility of all personnel to ensure that a particular transaction being considered for his or her personal account is not subject to a restriction contained in the Code or otherwise prohibited by the Adviser's policies or applicable laws.

It is possible that personnel of the Adviser may be granted pre-clearance to hold a security (or begin employment at the Adviser holding a security) that the Adviser subsequently buys for a Client's portfolio. In such cases, such person may sell such security from his or her personal account only with the permission of the Chief Compliance Officer, who would permit such sale only upon determination at that time that the sale would not adversely affect any Client, and only to the extent such security is not otherwise subject to restriction.

Notwithstanding the prohibition on trading in a company's securities when such securities are currently held in the portfolio of the Adviser's Clients, exchange-traded funds ("ETF") may be traded by employees upon pre-clearance by the Chief Compliance Officer, even if the ETF also is held by the Funds, provided that pre-clearance will be granted only if the Chief Compliance Officer determines that the trade will not adversely affect any Client.

Generally, investment decisions are made on a Client by Client basis in a manner deemed to satisfy the specific mandate of one Client, taking into account the Client's investment strategies and objectives and current risk profile at the time of the trade. The corresponding trade is then placed and allocated exclusively to a particular Client. As a result, conflicting positions may be taken or held by two or more Clients. If an investment opportunity is presented to the Adviser by a broker-dealer (rather than initiated by the Adviser) the Adviser may determine to apportion the opportunity among Clients. In this case, after concluding that the investment may satisfy the investment mandates of more than one Client, the Adviser will make an independent investment decision for each Client, based on analysis of factors

such as the appropriate risk and reward ratio for each account, the intended sector strategy of each account, the liquidity of the account at the time of the investment and on a going-forward basis, the account's overall portfolio composition and the performance of the account.

Item 12 – Brokerage Practices

- A. Factors Considered in Selecting or Recommending Broker-Dealers for Client Transactions:** The Adviser is authorized to determine the broker or dealer to be used in each transaction on behalf of Clients. As indicated in Item 10, the Adviser does not intend to execute trades through Carlyle-affiliated broker-dealers.

In making a determination as to which broker or dealer to utilize for a particular transaction, the Adviser may consider a number of factors, including, without limitation:

- the ability to effect prompt and reliable executions at favorable prices (including the applicable dealer spread or commission, if any);
- the operational efficiency with which transactions are effected and the efficiency of error resolution;
- the size of order and difficulty of execution;
- the financial strength, integrity and stability of the broker;
- special execution capabilities;
- clearance;
- settlement;
- reputation;
- on-line pricing;
- block trading and block positioning capabilities;
- willingness to execute related or unrelated difficult transactions in the future;
- order of call;
- on-line access to computerized data regarding Clients' accounts;
- performance measurement data;

- the quality, comprehensiveness and frequency of available research and related services considered to be of value;
- the availability of stocks to borrow for short trades and the competitiveness of commission rates in comparison with other brokers satisfying the Adviser's other selection criteria.

The Adviser does not weigh these factors equally.

While the Adviser will seek competitive commissions and spreads, it may not necessarily obtain the most competitive price/commission/spread for each trade. In all cases, in directing brokerage, the Adviser will seek to obtain best execution, taking into account qualitative and quantitative factors affecting the execution quality of transactions.

A.1. Research and Other Soft Dollar Benefits: The Adviser does not currently have any formal "soft dollar" arrangements under which it utilizes credits generated by brokerage of Client account trades to pay for other services from the broker-dealer. However, it is not the Adviser's practice to negotiate "execution only" commission rates; thus, a Client of the Adviser may be deemed to be paying for research and related services (e.g., attendance at conferences, discussions with research analysts, and meetings with corporate executives) provided by the broker which are included in the commission, markup or other costs. These products and services are not provided with "soft dollar" credits generated by specific trades, but rather are provided by a broker-dealer because of the Adviser's ongoing relationship with the broker-dealer. The Adviser does not currently intend to enter into any formal "soft dollar" arrangements and expects to limit its use of "soft dollars" to obtain research or brokerage within the meaning of the "safe harbor" provided by Section 28(e) of the U.S. Securities and Exchange Act of 1934, as amended.

Use of "soft dollars" benefits the Adviser because the Adviser does not have to separately produce or pay for the research or brokerage products or services and therefore the Adviser may have an incentive to select or recommend a broker-dealer based on its interest in receiving the research or brokerage products or services. Research and other services from broker-dealers may be used by the Adviser for the benefit of more than one Client and thus, a Client may not necessarily, in any particular instance, be the direct or indirect beneficiary of the research or brokerage services being provided, and such services may be applied disproportionately relative to commissions paid by any one Client.

A2. Brokerage for Client Referrals: While the Adviser may consider, among other things, capital introduction and marketing assistance in selecting or recommending broker-dealers for its Clients if otherwise consistent with seeking best execution, the Adviser will not commit to

allocate a particular amount of brokerage to a broker-dealer in exchange for such capital introduction or marketing services.

A3. Directed Brokerage:

- a. The Adviser does not recommend, request or require that a Client direct it to execute transactions through a specified broker-dealer (“directed brokerage”).
- b. The Adviser does not have directed brokerage arrangements with its Clients.

B. Order Aggregation and Trade Errors: The Adviser makes commodities trading decisions on a Client-by-Client basis and places commodities trades on a Client-by-Client basis; accordingly the Adviser does not aggregate commodities orders, except that if a broker-dealer offers the Adviser a trade (in contrast to the Adviser initiating a trade), the Adviser may utilize a single trade order for multiple accounts. In addition, the Adviser does not believe, as a general matter, that aggregating commodity interest orders lowers execution prices or necessarily results in reduced commission rates. In the instances where a single commodities order for multiple accounts is utilized because of an offer by a broker-dealer, the Adviser will document the participating Clients. Please see Item 11C, D for a discussion of the Adviser’s trade allocation policy.

With respect to securities trades, currently the Adviser has only one Client whose investment authority permits securities investments, and therefore order aggregation is not possible.

The Adviser has adopted a policy for the purpose of addressing trade errors that may arise, from time to time, in connection with Client trades. An example of a trade error is the sale of a security or commodity when the Adviser intended to purchase it. The Adviser will take all commercially reasonable efforts to correct all trade errors prior to settlement date. Each Client will bear the cost of any trading losses, liabilities, damages, expenses or any other costs resulting directly from a trade error (collectively, “Error Costs”), except for the following two limited exceptions: (i) Error Costs that directly result from the intentional misconduct, bad faith or gross negligence of the Adviser (as shall be determined in the sole discretion of the Adviser, by a decision of the Adviser’s PCRC), or (ii) Error Costs that may not be waived or limited by the Adviser under applicable law. Further, if any benefit results to a Client from a trade error, each such Client will receive the benefit of that trade error. Clients will not bear the cost, or receive the benefit of, any error

associated with another Client, and it shall be the responsibility of the Adviser to allocate such costs/benefits fairly.

Item 13 – Review of Accounts

- A. Frequency and Nature of Review:** The Funds, the SPV and the Separate Account are actively managed by their respective Portfolio Managers through daily position sizing evaluations, liquidity reviews, hedging adjustments and overall maintenance of the stated portfolio and risk parameters. Analysts continually evaluate the different equivalent markets, arbitrages and most profitable trade exits that are available on an inter-market and intra-market basis. In addition, a Risk Committee composed of principals of the Adviser reviews overall and individual position risk on a daily basis, utilizing third-party risk management software as well as internally developed models. A quarterly PCRC meeting is held to provide oversight over all trading. The PCRC is composed of the two Founders as well as the Chief Operating Officer/Chief Compliance Officer.
- B. Factors Prompting a Non-Periodic Review of Accounts:** The Funds, the SPV and the Separate Account are actively managed and are reviewed continuously throughout the trading day.
- C. Content and Frequency of Regular Account Reports:** The following reports are provided for all Fund Investors – (i) audited financial statements within approximately one hundred twenty (120) days after the end of each fiscal year, (ii) information necessary to the preparation of a tax return, and (iii) a monthly statement regarding their account from the Funds' administrator.

The nature of reports provided to the Separate Account are determined on an individually negotiated basis with the Adviser.

Item 14 – Client Referrals and Other Compensation

- A. Economic Benefits Received from Non-Clients for Providing Services to Clients:** The Adviser has no arrangements whereby a party who is not a Client compensates or otherwise provides an economic benefit to the Adviser for providing investment advice.
- B. Compensation for Client Referrals:** Neither the Adviser nor any other entity or person directly or indirectly compensates any third-party for Client or Investor referrals. The Adviser does not employ third-party solicitors or placement agents. The Adviser has engaged an affiliate of Carlyle, TCG

Securities, L.L.C. (“TCG Securities”), to serve as a non-exclusive placement agent for the Funds. In connection with its services as a placement agent, TCG Securities will receive compensation from the Adviser.

Item 15 – Custody

The Adviser has “custody” of the funds and securities of the Funds and the SPV for purposes of Rule 206(4)-2 of the Investment Advisers Act of 1940. All Client funds and securities over which the Adviser has custody are maintained at a “qualified custodian”. Each of the Funds undergoes an annual audit by a PCAOB-registered auditor that is subject to PCAOB inspection. As noted above, the SPV serves only as a vehicle to hold certain investments for any one or more of the Funds. The SPV’s assets will either be considered within the scope of the audits conducted with regard to the Funds for which the SPV holds investments or will be subject to a separate annual audit in accordance with Rule 206(4)-2

The Adviser does not have custody with respect to the funds and securities of the Separate Account for purposes of Rule 206(4)-2.

Item 16 – Investment Discretion

The Adviser has discretionary authority from the outset of its advisory relationship with each Fund, the SPV, and the Separate Account to select the identity and amount of commodities, securities and other assets to be bought or sold for its portfolio. In all cases, however, such discretion is exercised by the Adviser in a manner consistent with the stated investment objectives and guidelines for the particular Client account, as these are set forth in the Offering Memoranda or investment advisory agreement. Investors have no ability to request or direct a change in the stated investment objectives and guidelines.

For Investors in the Domestic Funds, upon execution of the subscription documents for a Fund, each Investor agrees to be bound by the Fund’s partnership agreement (which appoints the Adviser as investment adviser to the applicable Fund), and further grants a power of attorney in favor of the general partner affiliate of the Adviser. This power of attorney is a “special power of attorney coupled with an interest” and is irrevocable to the fullest extent permitted by law. It does not terminate until the Investor withdraws from the Fund. Pursuant to this power of attorney, the Investor appoints the general partner, acting through any of its authorized partners and officers, as its true and lawful agent and attorney to make, execute, acknowledge, record and/or file (i) the Fund’s partnership agreement, (ii) any certificate or other

document required to effect the formation, continuation, qualification or dissolution of the Fund in accordance with the terms of the Fund's partnership agreement, or which legal counsel to the Fund deems necessary or desirable to comply with any federal, state or other law applicable to the Fund; and (iii) any amendments to any of the foregoing adopted or otherwise made in accordance with the provisions of the Fund's partnership agreement.

For Investors in the Offshore Funds, upon execution of the subscription documents, each Investor has purchased shares of the Fund. The Funds are organized in the Cayman Islands pursuant to Articles of Incorporation which have been approved by its Board of Directors. The Board of Directors has approved the appointment of the Adviser to manage the assets of each Fund, and the Board of Directors may remove the Adviser on unanimous vote of the Board members.

Item 17 – Voting Client Securities

The Adviser has authority to vote proxies for securities held in all Client portfolios. The Adviser's proxy voting policy calls for the Adviser to exercise its duty of care and loyalty to its Clients when it votes proxies. The Adviser generally will not vote proxies in situations where it holds an immaterial position (less than or equal to 1% of outstanding voting equity), or when the Adviser receives a proxy for a security which it no longer holds in a portfolio.

Absent good reason to the contrary, the Adviser will generally give substantial weight to management recommendations regarding voting, and will vote for routine matters in favor of management proposals. Non-routine matters will be voted on a case-by-case basis, given the complexity of many of these issues. Where there is a measurable change in the structure, management, control or operation of the company, or a change that is inconsistent with industry standards and/or the laws of the state of incorporation applicable to the company, the Adviser will generally vote against such proposals.

Investors may not direct the Adviser's vote in any proxy solicitation.

Potential conflicts of interest between the Adviser and Client accounts may arise when the Adviser's relationships with an issuer or with a related third party actually conflict, or appear to conflict, with the best interests of the Client(s). If the issue is specifically addressed in the Adviser's proxy voting policies and procedures, the Adviser will vote in accordance with the stated policies. In a situation where the issue is not specifically addressed in the policies and an apparent or actual conflict exists, the Adviser shall either: i) delegate the voting decision to an independent third party; ii) inform the

Investors of the conflict of interest and obtain advance consent of a majority of such Investors for a particular voting decision; or iii) obtain approval of the voting decision from the Adviser's PCRC. The chief compliance officer will be responsible for documenting the rationale for the decision made and voted. In all such cases, the Adviser will make disclosures to Clients of all material conflicts and will keep documentation supporting its voting decisions.

Clients may obtain a copy of the Adviser's complete proxy voting policies and procedures upon request. Clients may also obtain information from the Adviser about how it voted any proxies on behalf of their account. Please contact the Adviser at 212 683-8816 or via email at investorrelations@vam.com.

The Separate Account has a separately negotiated proxy voting policy.

Item 18 – Financial Information

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