

Investment Adviser Brochure

MidOcean Credit Fund Management, LP

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This Brochure provides information about the qualifications and business practices of [MidOcean Credit Fund Management, LP](#) (“MidOcean”). If you have any questions about the contents of this Brochure, please contact us at [212-497-1400](tel:212-497-1400) or dhodges@midoceanpartners.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.

[MidOcean](#) is a registered investment adviser. Registration of an Investment Adviser does not imply any level of skill or training.

Additional information about [MidOcean](#) also is available on the SEC’s website at www.adviserinfo.sec.gov.

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Item 2 – Material Changes

In 2012, Graham Clempson transferred his interest in the Advisor and in the General Partner to James Edward Virtue, however, Mr. Shenfeld continues to control 75.1% of the Advisor and the majority vote in Ultramar Credit Holdings, Ltd, a Cayman exempted vehicle which is the General Partner of MidOcean Credit Fund Management, LP. This ownership transfer has not impacted the day to day operations of the business.

In addition, in 2012, the Advisor changed it's the Partnership Agreement in related to the Credit Opportunity Fund and removed all references to Special Investment Accounts.

MidOcean has hired several third party marketers to serve as placement agents or as consultants to provide introductions to potential investors for the different fund strategies managed by the Advisor. These agents include Barclays Bank, PLC, FPCG, LLC d/b/a Forbes Private Capital Group, Quartic Capital LLP, an entity controlled by Graham Clempson and Kent Claxton. Information about these placement agents is available in the Advisor's ADV filings.

The Advisor has expanded its advisory business into new strategies launching a CLO business and closing its first CLO, MidOcean Credit CLO I (the issuer), a Cayman exempted company with limited liability in early 2013. In addition, MidOcean is acting as a sub-advisor for Sandalwood Multi-Strategy Opportunity Fund, a series of the NORTHERN LIGHTS FUND TRUST, a Delaware statutory trust. Finally, MidOcean is acting as a sub-advisor to three separate accounts set up to enable another investment advisor get three of their private funds access to MidOcean's Credit's MARC strategy. We anticipate that the Advisor will continue to launch new vehicles in response to market conditions and investor interest.

Item 4 – Advisory Business

MidOcean Credit Fund Management, LP (the "Adviser") and its affiliates (collectively, "MidOcean") were formed in January 2009 to manage and provide investment advice with respect to MidOcean Credit Opportunity Fund, LP, MidOcean Credit Opportunity Offshore Intermediate Fund, LP and MidOcean Credit Opportunity Offshore, LP. (the "Credit Opportunity Fund"). Since 2009, the Adviser has formed several other entities including MidOcean Credit Focus Fund I, LP (the "Focus Fund"), MidOcean Absolute Return Credit Fund, LP (together with its offshore fund, the "MARC Fund"), together, MidOcean Credit's private Funds. In addition, MidOcean provides advisory and sub advisory services respectively to MidOcean Credit CLO I, LP and Sandalwood Multi Strategy Opportunity Fund. Each of these Funds is a Private Investment Fund.

The Adviser provides services to these Private Investment Funds pursuant to the terms of an advisory agreement (the "Advisory Agreements") and to the separately managed accounts described above through an investment management agreement. In its role as an Adviser or -sub-advisor, MidOcean Credit Fund Management LP is responsible for researching investment opportunities, trading in these investment names and arranging for the disposition of each

investment in accordance with the investment guidelines set forth in the Limited Partnership Agreements. The authority to provide the investment supervisory services is delegated to the Adviser by the General Partner of each Fund and given to the Adviser of any separately managed accounts through a separately negotiated managed account agreement (the "Investment Management Agreement"). The Adviser may engage sub-advisors and may, in its discretion, retain other professionals, including but not limited to accountants, lawyers and consultants, to assist in rendering any services.

MidOcean Credit Fund Management, LP also has a separate advisory agreement for a group of three separately managed accounts. The accounts are discretionary and the Adviser provides investment recommendations. It is anticipated that the Adviser will open up other separately managed accounts where it will have discretion over the makeup of the portfolio.

As of March 31, 2013, the Adviser had gross assets under management of \$1.2 billion.

The majority of the funds that MidOcean Credit is an Advisor to are open ended hedge funds that primarily invest in securities within the credit spectrum. The investment strategy for each Fund is described in the Fund's private placement memorandum and is subject to any limitations set forth in the Fund's agreement of limited partnership (each, a "Partnership Agreement"). However, the CLO is a closed-end fund.

The Credit Opportunity Fund, the Focus Fund and the CLO target investments in bank loans, debt and debt-related securities and other evidences of indebtedness of every kind, whether publicly traded or privately placed. The funds may also acquire equity interests, including preferred and common. The funds may also seek exposure to such investments synthetically through derivatives, such as swaps, options and other instruments.

The MARC Fund seeks to generate stable, absolute returns from a well-diversified portfolio of long and short corporate credit investments. The MARC Fund will seek to achieve this objective primarily through investing in corporate bonds, loans, debt-related securities and other evidences of indebtedness of any kind, whether publicly traded or privately placed. The Adviser expects that investments will be made with a medium-term investment horizon and will be adjusted proactively for relative value considerations. The portfolio will typically be constructed with a net long bias and will seek to dynamically adjust the Fund's net credit exposure to optimize the portfolio's risk profile given then prevailing market conditions. The MARC Fund will make investments in both investment grade and non-investment grade assets with the Adviser generally targeting crossover credit assets (generally, assets with assigned credit ratings by a nationally recognized statistical rating organization of low investment grade and high non-investment grade or BBB/BB). The separately managed accounts follow a strategy similar to the MARC strategy.

Except for any investment restrictions contained in the Partnership Agreements, limited partners generally do not have the ability to limit the Adviser's investment authority and generally participate in a Fund's overall investment program, although certain limited partners may be excused from participating in certain investments due to regulatory restrictions. Pursuant to the Advisory Agreements, the Adviser is responsible for identifying investment opportunities, acquiring each investment and, after consummation, monitoring the progress of, and arranging for the disposition of, each investment in accordance with the investment guidelines set forth in Partnership Agreements.

Steve Shenfeld owns 75.1% of the Adviser, while J. Edward Virtue ("Ted Virtue") owns 24.9% of the Adviser. Economic interest is split 50.1% to Steve Shenfeld with and 49.9% to Ted Virtue. Steve Shenfeld also controls the majority vote in Ultramar Credit Holdings, Ltd ("Holdings"), a Cayman Islands exempted company, that is the General Partner of the Adviser. However, Holdings is ultimately owned by Ultramar Capital, Ltd a Cayman Islands limited corporation which owns Holdings. Mr. Virtue owns a 100% of Ultramar Capital Ltd's interest in Holdings.

Item 5 – Fees and Compensation

In general, the Adviser receives a management fee in connection with the advisory services provided to each Fund. Investors in the Funds also bear certain expenses. The information below summarizes the compensation that MidOcean receives, but investors should also review the specific terms of the applicable Partnership Agreement.

Management Fees

The Adviser is paid an annual advisory fee (the “Advisory Fee”) based upon a percentage of Net Asset Value.

The Credit Opportunity Funds have both Class A and Class B Limited Partners that have different lock ups and different fee characteristics. In addition, the Class C Limited Partners or shareholders have a different investment minimum and a higher fee structure than the Class B interests. The existing fee schedule for new investors for the Credit Opportunity Fund is Each Class A Limited Partner will pay an annual management fee (the “Management Fee”), quarterly in advance and shall be equal to 0.25% (i.e 1.0% on an annualized basis) of the beginning balance of each Class A Limited Partner Capital Account Balance, including subscriptions made by such Limited Partner on the first day of such calendar quarter. Each Class B Limited Partner will pay an annual management fee (the “Management Fee”), quarterly in advance and shall be equal to 0.375% (i.e 1.5% on an annualized basis) of the beginning balance of each Class B Limited Partner Capital Account Balance, including subscriptions made by such Limited Partner on the first day of such calendar quarter. Management Fees determined with respect to any additional Capital Contribution by any Class A or Class B Limited Partner made other than on the first day of a calendar quarter shall be pro-rated based on the number of days remaining in the calendar quarter. Each Class C investor will pay an annual management fee (the “Management Fee”), quarterly in advance and shall be equal to 0.50% (i.e 2.0% on an annualized basis) of the beginning balance of each Class A Limited Partner Capital Account Balance, including subscriptions made by such Limited Partner on the first day of such calendar quarter.

The General Partner may, in its sole discretion (and each Limited Partner hereby acknowledges that the General Partner may, in its sole discretion), waive, reduce or calculate differently, from time to time, all or part of the Management Fee with respect to the Capital Accounts of one or more Limited Partners, including Capital Accounts established with respect to Capital Contributions made by certain other trading vehicles managed by MidOcean, without waiving, reducing or calculating differently the Management Fee with respect to the Capital Accounts of other Limited Partners.

The Focus Fund Limited Partners pay an annual management fee quarterly in advance of to 0.25% (i.e 1.0% on an annualized basis) of the beginning balance of each Limited Partner Capital Account Balance, including subscriptions made by such Limited Partner on the first day of such calendar quarter.

The Limited Partners of the MARC Funds pay an annual management fee quarterly in advance of to 0.375% (i.e 1.5% on an annualized basis) of the beginning balance of each Limited Partner Capital

Account Balance, including subscriptions made by such Limited Partner on the first day of such calendar quarter.

In all of the above Funds, if a Limited Partner makes a withdrawal from its Capital Account prior to the end of a calendar quarter, such Limited Partner will not be entitled to reimbursement for a pro rata portion of the Management Fee for the period remaining in such quarter subsequent to the Withdrawal Date. The Advisor may delegate some or all of its duties pursuant to the Management Agreement to an affiliate and pay or assign some or all of the Management Fee to such affiliate for its services to the Partnership.

The Advisor also receives a 1.0% management fee for acting as a sub-advisor to the Sandalwood Multi-Strategy Opportunity Fund, a series of the NORTHERN LIGHTS FUND TRUST, a Delaware statutory trust and a 1.0% management fee to manage the assets of the separately managed accounts. In addition, MidOcean receives a tiered fee on the different classes of securities in the CLO as governed by the indenture.

The Advisor will negotiate other fees similar to those described above for any separately managed accounts or other funds launched.

Incentive Fee

MidOcean also receives incentive fees for most of its Funds based upon calculated Net Profits as defined in each Limited Partnership Agreement for each investor in a specific year but only to the extent that there are no unrecovered balance remaining in an Capital Account's Loss Recovery Account. These incentive fees are typically paid to the General Partner.

In the Credit Opportunity Fund, the incentive fee rate is based upon the length of lockup and the time that a Limited Partner invested. The stated rate for Incentive Fees for investors in the Class A Interests of the Credit Opportunity Fund is 15%, however, certain investors may be paying a 10% Incentive Fee or a 10% Incentive Fee after a hurdle. The stated rate for Incentive Fee for the Class B Shares is 20%, although some Class B investors may be paying 15% for its Incentive Fee. Certain founding investors will not pay any Incentive Fee.

The Incentive Fee for the Focus Fund is 10% of Net Profits.

The Incentive Fee for the MARC Fund is 20% of Net Profits. Certain founding investors will not pay an incentive fee for the MARC Fund or will pay reduced incentive fees. In addition, the Advisor may give fee discounts for investors of size.

MidOcean does not receive an incentive fee to act as a sub advisor for the Sandalwood Multi-Strategy Opportunity Fund.

The Advisor anticipates that any new vehicles or separately managed accounts would have structures similar to those described in the funds above.

Other Fee Information

MidOcean may exempt certain investors in Private Investment Funds from payment of all or a portion of Advisory Fees and/or incentive fees/carried interest, including any affiliate of MidOcean

and any other person designated by MidOcean. Any such exemption from fees and/or incentive fees/carried interest may be made by a direct exemption, a rebate by MidOcean and/or its affiliates, or through other Private Investment Funds which co-invest with MidOcean.

It is expected that future credit hedge funds with a similar strategy will have a similar fee structure; provided that the Adviser may negotiate a lower fee structure for investors that agree to make significant capital commitments to other hedge funds or separately managed accounts or the Adviser may negotiate to allow a shorter lock up period in exchange for a higher fee. One or more affiliates of the Adviser will also receive a performance fee from the Limited Partners (other than from certain founder investors) Fund investors are subject to a lock up and are generally not permitted to withdraw during the period of the lock up. Separate account agreements are terminable by the client as specified in the agreement and the terms of those fees are set out in the agreement associated with each separate account. Principals or other employees of the Adviser may receive a portion of performance fees received by the Adviser or its affiliates. How the incentive fee is calculated is described within each Partnership Agreement or within each separately managed account agreement.

The Management Fee and Incentive Fee, if any, for each Separately Managed Account will be described in the Investment Management Agreement and the rate of each will be negotiated based upon strategy and size of the account. Currently, the Incentive Fee for the separately managed accounts managed by MidOcean Credit Partners is 20%.

Principals or other employees of MidOcean may receive a portion of the Advisory Fee, carried interest or other compensation received by MidOcean or its affiliates.

Partnership Expenses

In addition to the Advisory Fee and carried interest payable to MidOcean, the Funds bear certain expenses. As set forth in the applicable Partnership Agreement, the Funds generally bear all expenses associated with managing the Funds including legal, accounting, research, brokerage, finder's fees, custody, consulting, transfer, registration, insurance, advisory board, interest, taxes, extraordinary expense and other similar fees and expenses, but not MidOcean expenses in connection with maintaining and operating its offices (such as compensation of its employees, rent, utilities and general office expenses.). Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices.

Expenses that can be applied to separately managed accounts are negotiated individually in the Investment Management Agreement associated with that account and may vary substantially from the expenses that can be applied to the partnerships managed by MidOcean Credit.

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

As disclosed above, MidOcean may receive performance fees from the Funds. Such fees are subject to the terms established in the relevant Partnership Agreement or separately managed account agreement. MidOcean structures any performance or incentive fee arrangement to comply with Section 205(a)(1) of the Investment Advisors Act of 1940 (the "Advisers Act") and exemptions

available thereunder, including the exemption set forth in Rule 205-3. Incentive Fees are determined based upon net profits which include mark to markets on certain securities that may not be widely traded or have observable transactions. Performance based fee arrangements may create an incentive for MidOcean to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement.

As MidOcean manages multiple funds with similar investment strategies, these accounts may hold securities that are similar or in the same company which may create certain conflicts of interest given the Funds may have different performance and different economic relationships with the Advisor.

MidOcean may also provides co-invest opportunities to certain Limited Partners in trades where the size of the offering is larger than would be appropriate for us to hold in our Funds. Decisions for each co-investment are made by the individual Investor. In most cases, co-investors do not pay management fees or carried interest on their co-investment.

Item 7 – Types of Clients

MidOcean provides portfolio management services to the Funds and certain separately managed accounts or other vehicles. Only “qualified purchasers” (as such term is defined in the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder) may invest in the MARC Fund, the COF Fund or in the Focus Fund. However, there are different investment criteria for the Sandalwood Multi-Strategy Opportunity Fund for which MidOcean acts as a sub advisor for. Fund investors may include high net worth individuals, corporate pension plans, Taft-Hartley plans, charitable institutions, foundations, endowments, municipalities, private investment funds, trust programs, sovereign funds, and other U.S. and international institutions.

MidOcean generally requires a minimum investment of \$1,000,000 for its Funds, however, for its Class C investments in the COF Fund, MidOcean has agreed to accept investments of \$750,000. In addition, that minimum investment amount may be waived and has been waived at MidOcean’s discretion for other classes of securities.

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

The Investment strategy of the Credit Opportunity Fund and the Focus Fund is to invest in bank loans, debt and debt-related securities and other evidences of indebtedness of every kind, whether publicly traded or privately placed, including indebtedness issued or otherwise incurred by MidOcean Portfolio Companies. The Funds may also acquire equity interests, including preferred and common. The Funds may also seek exposure to such investments synthetically through derivatives, such as swaps, options and other instruments. The Funds may acquire some of the foregoing instruments directly, or indirectly through investments in special purpose vehicles, partnerships, securitizations, structured financings or other collective investment vehicles managed by third parties or by MidOcean.

The investment objective of the MARC Fund is to generate stable, absolute returns from a well-diversified portfolio of long and short corporate credit investments. The MARC Fund will seek to achieve this objective primarily through investing in corporate bonds, loans, debt-related securities and other evidences of indebtedness of any kind, whether publicly traded or privately placed. However, the Adviser has broad and flexible investment authority and may seek to achieve its objective through investing in other debt-related obligations of any kind, whether publicly traded or privately placed. The Marc Fund may acquire equity interests, including preferred and common, and may seek exposure to such investments synthetically through derivatives, such as swaps, options and other instruments.

The Adviser expects that investments in the MARC Fund will be made with a medium-term investment horizon and will be adjusted proactively for relative value considerations. The Investment Manager typically will construct the portfolio with a net long bias and will seek to dynamically adjust the Fund's net credit exposure to optimize the portfolio's risk profile given then prevailing market conditions. The MARC Fund will make investments in both investment grade and non-investment grade assets with the Adviser generally targeting crossover (BBB/BB) credit assets (generally, assets with assigned credit ratings by a nationally recognized statistical rating organization of low investment grade and high non-investment grade or BBB/BB). While the Adviser anticipates the MARC Fund will primarily invest in corporate bonds, loans and credit default swaps, the Adviser has broad and flexible investment authority. Accordingly, the MARC Fund's positions may at any time include, for hedging or for speculative purposes, a wide variety of securities and financial instruments, domestic and foreign, whether publicly traded or privately placed, including but not limited to bonds and other fixed-income debt securities, convertible securities, limited partnership interests, interests in other investment vehicles, mutual fund shares, options (purchased or written), warrants, common and preferred stocks, commodities, futures, derivatives (including swaps, forward contracts and structured instruments), currencies, monetary instruments, collateralized debt obligations, commercial mortgage-backed securities, other asset-backed securities and cash and cash equivalents.

Each Fund will use leverage and selective hedging as the Adviser believes is appropriate.

MidOcean will apply fundamental and technical analysis and relative value principles when evaluating investments for all of the Funds it advises.

Specific limitations on investments are set forth in the Partnership Agreements or in the separately managed account agreements or in the indenture for the MidOcean Credit CLO dated January 24, 2013. In general, MidOcean invests in securities issued by privately held companies, although the Adviser can invest Fund assets in exchange listed stocks, securities traded over-the-counter and securities of foreign issuers as long subject to any limitations in the Partnership Agreement. The Adviser may also invest on behalf of the Fund in securities that include warrants or the right to warrants at a later date due to the Manager's involvement with the portfolio company.

Although credit investments offer both the opportunity for current income and price appreciation, an investment in any of the Funds involves a high degree of business and financial risk that can result in substantial losses. Investing in securities involves risk of loss that clients should be prepared to bear.

Investors should carefully consider the following risks prior to investing in any Credit Fund offered

by MidOcean.

Risks of Investing in a Partnership Structure

Certain risks are inherent in the structure of the Partnership itself:

Potential Loss of Investment. An investment in the Partnership is speculative and involves substantial risks, including the risk that the entire investment will be lost.

Competition; Inadequate Return. The Funds competes with numerous other private investment funds as well as other investors, many of which may have resources substantially greater than the Adviser's. No assurance can be given that the returns on the Funds' investments will be commensurate with the risk of investment in the Funds. There can be no assurance that returns of hedge funds in future periods will reflect previous historical levels. This may be due in part to changes in market conditions affecting such funds' investments and strategies, as well as the proliferation of investment funds pursuing similar strategies (thereby making it difficult for one fund to outperform others).

Limited Operating History. The Adviser and the Funds are recently-formed entities and have limited operating histories.

Concentration in Management Strategies and Certain Investment Categories. Although the Adviser seeks to create a diversified portfolio for each of its Funds, other than the limitations set forth in the respective Partnership Agreements, the Adviser is not required to take a diversified investment approach with the Funds, and accordingly significant portions of the Funds' assets may be concentrated in a small number of strategies, issuers or industries.

Lack of Transferability of Interests. The Interests in the Funds have not been registered under U.S. federal or state securities laws and are subject to restrictions on transfer and are not transferable except with the consent of the General Partner. There is no and will not be any secondary market for the Interests.

Limited Right of Withdrawal; Liquidity and Information Rights. An investment in the Funds is suitable only for sophisticated Investors who have no need for current liquidity. An investment in the Partnership provides limited liquidity since Interests are not freely transferable and Limited Partners may also only withdraw capital in a manner consistent with the lockups and redemption periods disclosed in each Partnership Agreement.

Withdrawals by Limited Partners within the Credit Opportunity Fund are also subject to the Gate, which impose limits on the amounts that may be withdrawn. Withdrawal proceeds may be paid in cash, in kind or partially in cash and partially in kind.

Possible Effect of Withdrawals. Limited Partners may withdraw capital from their respective Capital Accounts in accordance with the terms of each governing Partnership Agreement. A significant withdrawal of capital from any Fund could require the Fund to liquidate investments more rapidly than otherwise desirable to raise the necessary cash to fund the withdrawals.

Credit Facilities. In the discretion of the General Partner or the Investment Manager, and pursuant to the Investment Management Agreement, any withdrawal or subscription receivable may be funded through credit facilities provided to the Partnership at prevailing market rates by a prime broker or from unaffiliated third parties. The Funds may also utilize credit facilities to fund any withdrawals or subscription receivable. In addition, credit facilities may be used for portfolio

management purposes or for the implementation of certain investments. This leverage would be subject to Funds greater risk than if they did not utilize such credit facilities.

Agreements with Certain Limited Partners in Credit Opportunity Fund; Enhanced Liquidity. The Adviser will provide Limited Partners with monthly unaudited information regarding the Partnership's performance. As a result of having certain other rights not granted to all Limited Partners, Limited Partners having such rights may request withdrawals, and otherwise act, on the basis of additional information that other Limited Partners do not receive. Subject to applicable law, the Funds do not intend to disclose the terms of such side letter agreements and do not intend to disclose the identities of the Limited Partners that have entered into such agreements with the Funds or the General Partners.

Incentive Allocation. The allocation of the Incentive Allocation to the General Partners or affiliates may create an incentive for the General Partners to cause the Partnership to engage in transactions that are riskier or more speculative than would be the case if this special allocation were not made.

Substantial Charges to the Partnership. The Funds will be subject to substantial charges, including the Management Fee, Incentive Allocation and the fees and expenses of the respective Fund. The trading performance of the Funds must exceed the amount of these charges in order to avoid losses.

Turnover. The Funds may invest on the basis of certain short-term market considerations. The turnover rate within the Funds may be significant, potentially involving substantial brokerage commissions, fees and other transaction costs.

Reliability of Valuations. To the extent that the Partnership invests in instruments that are illiquid, not traded on an exchange or in an established market or for which no value can be readily determined, such instruments generally will be assigned value based on dealer quotes or independent appraisals, or such other factors as the General Partner may reasonably determine, and are subject to the valuation discretion of such dealers, appraisers and/or the General Partner. Such valuations may not be indicative of what actual fair market value would be in an active, liquid or established market.

Litigation and Enforcement Risk. The Funds may accumulate substantial positions in the securities of a specific company and engage in a proxy fight, become involved in litigation, or attempt to gain control of a company. Under such circumstances, the Partnership conceivably could be named as a defendant in a lawsuit or regulatory action, which may result in substantial liabilities for damages caused to others, for the disgorgement of profits realized, and for penalties.

Institutional Risk. Institutions, such as brokerage firms, banks or limited partnerships, will have custody of certain assets of the Partnership. Often these assets will not be registered in the name of the Partnership. Bankruptcy, fraud or poor capitalization at one of these institutions could impair the operational capabilities or the capital position of the Partnership.

Investment Risks

Certain risks arise in connection with the Funds' investments or investing in a CLO or a separately managed account:

General Investment Risks. All investments risk the loss of capital. The Adviser believes that the Funds' investment programs and research techniques moderate this risk through a careful selection of securities and other financial instruments. No guarantee or representation is made that the

Funds respective investment program will be successful. The Funds' investment programs may use such investment techniques as margin transactions, short sales, leverage and the use of synthetic instruments, such as swaps, options on securities, forward contracts and other derivative instruments, which practices can, in certain circumstances, magnify the adverse impact that any losses may have on the Funds.

Fixed Income Securities and Loans. The Funds will invest in bonds or other fixed income securities of U.S. and non-U.S. issuers, including, without limitation, bank debt, bonds, notes, debentures and commercial paper, as well as derivatives thereon. Fixed income securities pay fixed, variable or floating rates of interest. The value of fixed income securities in which the Funds invest will change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities and bank loans can fluctuate in response to perceptions of creditworthiness, foreign exchange rates, political stability or soundness of economic policies. Fixed income securities and bank loans are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (*i.e.*, credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (*i.e.*, market risk).

Bank Loans. The Credit Opportunity Fund's and the Focus Fund's investment programs may include investments in significant amounts of bank loans and participations. These obligations are subject to unique risks, including: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors' rights laws; (ii) so-called lender-liability claims by the issuer of the obligations; (iii) environmental liabilities that may arise with respect to collateral securing the obligations; and (iv) limitations on the ability of the Fund to directly enforce its rights with respect to participations. In analyzing each bank loan, the Adviser compares the relative significance of the risks against the expected benefits of the investment. Successful claims by third parties arising from these and other risks will be borne by the Funds.

Future Funding Obligations. The Partnership may from time to time incur funding obligations that may arise in the future in connection with an investment. For example, a Fund may purchase from a lender a revolving credit facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, the Fund would be obligated to fund the amounts due.

Equitable Subordination. Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called "equitable subordination"). Due to the nature of the debt obligations, the Funds may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the issuer should be equitably subordinated.

Non-Performing Nature of Debt. It is anticipated that certain debt instruments purchased by the Adviser for the Funds will be non-performing and possibly in default. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the loans.

Low Credit Quality Securities. The Partnership is permitted to invest in securities that may make particularly risky investments that also may offer the potential for correspondingly high returns. As a result, a Fund may lose all or substantially all of its investment in any particular instance.

Distressed Credit. The Funds may invest in securities of U.S. and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems or that are involved in bankruptcy or reorganization proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial or at times even total losses.

Risks Associated with Bankruptcy Cases. The Funds may invest in financially troubled companies and companies either currently in, or that may enter into, Chapter 11 bankruptcy or insolvency proceedings. Many of the events within bankruptcy or insolvency proceedings are adversarial and are often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that bankruptcy courts would decide favorably toward, or consistent with the interests of, the Funds. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and/or functional operating control of a debtor.

As the duration of bankruptcy cases can be only roughly estimated, the reorganization process can involve substantial legal, professional, and administrative costs to a company and/or the Partnership, and is subject to unpredictable and lengthy delays. In addition, during the process a company's competitive position may erode, key management may depart, and the company may not be able to invest adequately. In some cases, a company may not be able to reorganize and may be required to liquidate assets. Such investments can result in a total loss of principal.

Default Rates of Loans and High-Yield Securities. The Funds may invest in high-yield loans and other securities. The historical performance of the high-yield market or the leveraged loan market is not necessarily indicative of its future performance, and the numerous methods for calculating default rates leave a significant amount of uncertainty in the potential profitability of investments in such instruments.

Participation on Creditors' Committees. The Funds may serve on committees formed by creditors ("**Creditors' Committees**") to negotiate with the management of financially troubled companies that may or may not be in bankruptcy. The Funds may also seek to negotiate directly with debtors with respect to restructuring issues. As a result of a Fund's service on such Creditors' Committees, a Fund may be deemed to have duties to other creditors represented by the Creditors' Committees, which might thereby expose the Partnership to liability to such other creditors who disagree with the Partnership's actions.

Reliance on Corporate Management and Financial Reporting. In many cases, the Investment Manager will rely on the financial information made available by the borrowers or issuers in which the Funds invest. The Adviser generally will not have the ability to independently verify such financial information, and generally will be dependent upon the integrity of both the management of these borrowers and issuers and the financial reporting process in general. Material losses can occur as a result of corporate mismanagement, fraud and accounting irregularities.

"Widening" Risk. For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the securities in which the Funds invest may decline substantially. In particular, purchasing assets at what may appear to be "undervalued" levels is no guarantee that these assets will not be trading at even lower levels at

a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such “spread widening” risk.

Uncertain Exit Strategies. Due to the illiquid nature of some of the positions which the Funds are expected to acquire, the Adviser is unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available at an attractive price, or at all.

Competition; Availability of Investments. Certain markets in which the Funds may invest are extremely competitive for attractive investment opportunities and, as a result, there may be reduced expected investment returns. There can be no assurance that the Adviser will be able to identify or successfully pursue attractive investment opportunities in such environments.

Leverage. The Funds will each use leverage at certain points in their investment programs. Limits on leverage, if any, are dictated within each Partnership Agreement.

The use of leverage will, in many instances, enable the Funds to achieve a higher rate of return than would be otherwise possible. An inability of the Funds to obtain a desired amount of leverage, may limit the Funds’ overall investment exposure and/or inhibit inverse correlation, thereby reducing the performance.

Derivatives. The Funds may invest in complex derivative instruments that seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the investor. These investments are all subject to additional risks that can result in a loss of all or part of an investment, in particular, interest rate and credit risk volatility, world and local market price and demand and general economic factors and activity.

Options. The Funds may buy or sell (write) both call options and put options (either exchange-traded, over-the-counter or issued in private transactions), and when it writes options it may do so on a “covered” or an “uncovered” basis. Any option transactions may be part of a hedging tactic (*i.e.*, offsetting the risk involved in another securities position) or a form of leverage, in which the Funds have the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be large, depending on the circumstances.

Credit Default Swaps. The Funds may invest in credit default swaps (“CDSs”). Generally, CDSs are contracts where termination may occur prior to the contract’s scheduled maturity date if a credit event occurs. Credit events may include a ratings downgrade of the reference obligation below certain specified ratings levels, a write down (including an implied write down) of the reference obligation, a failure by the reference company to pay principal or interest with respect to the reference obligation, a restructuring of the final maturity date of the reference obligation, or an acceleration of the reference obligation so that it is due prior to its stated maturity date, among others.

Swap transactions dependent upon credit events are priced incorporating many variables including the pricing and volatility of the common stock and debt of the company, and potential loss realized on the debt upon default, among other factors.

Counterparty Risk. Some of the markets in which the Funds may effect transactions are OTC or “interdealer” markets. The participants in such markets typically are not subject to the same credit evaluation and regulatory oversight as are members of “exchange-based” markets. In addition,

many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such “over-the-counter” transactions. This exposes the Funds to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not *bona fide*) or because of a credit or liquidity problem, thus causing the Funds to suffer a loss.

In addition, the counterparties with which the Funds effect transactions may, from time to time, cease making markets or quoting prices in certain of the instruments. In such instances, the Funds may be unable to enter into a desired transaction in currencies, or to enter into an offsetting transaction with respect to an open position, which might adversely affect performance.

Derivative Clearinghouses and Exchanges: Required Central Clearing for Derivatives. Currently, OTC derivatives (including, without limitation, CDSs and other swaps, forward contracts, certain options and other instruments) are typically settled on an individual basis by the counterparties to the derivative instrument. As a result, each party to an OTC derivative is subject to the risk that the other party will default on its obligations under the terms of the derivative instrument (See “—Counterparty Risk,” above

Futures. Investments in commodities, futures and options contracts involve risks including, without limitation, leverage (*e.g.*, margin is usually only 5% to 15% of the face value of the contract and exposure can be nearly unlimited) and credit risk vis-à-vis the contract counterparty. The Funds’ futures positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits. Once the price of a contract for a particular future has increased or decreased by an amount equal to the daily limit, positions in the future can neither be taken nor liquidated unless traders are willing to effect trades at or within the limit. This could prevent the Funds from promptly liquidating unfavorable positions and subject them to substantial losses.

Illiquid Investments. The Credit Opportunity Fund may make investments that are subject to legal or other restrictions on transfer or for which no liquid market exists, such as private placements. Illiquidity increases risk and volatility and may make it impossible to close out positions against which the market is moving or to realize their such positions’ value at the time of sale, and may cause substantial delays in the payment of withdrawal proceeds, whether at the Master Fund level or at the Partnership level.

Short Selling. The Funds may engage in short selling as part of its investment strategies. A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

Highly Volatile Markets. The prices of securities and derivative instruments, including futures and options prices, may be highly volatile. Price movements of securities, forward contracts, futures contracts and other derivative contracts in which the Partnership may invest are influenced by, among other things: interest rates; changing supply and demand relationships; trade, fiscal, monetary and exchange control programs and policies of governments; and U.S. and international political and economic events and policies. In addition, governments from time to time intervene, directly and/or by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction

because of, among other things, interest rate fluctuations. The Funds also are subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouses.

Inside Information; Inability to Vote Certain Positions. From time to time Adviser or its affiliates may be in possession of material, non-public information concerning the issuer of securities or other instruments in which the Partnership has invested, or in which it intends to invest. The possession of such information may limit the ability of the Partnership to buy or sell such securities or other instruments. Accordingly, the Partnership may be required to refrain from buying or selling such securities or other instruments at times when the Investment Manager might otherwise wish the Partnership to buy or sell such securities or other instruments. In addition, as a result of voting agreements or other arrangements relating to certain issuers, securities or instruments in which the Partnership is invested, the Investment Manager or its affiliates may also be subject to restrictions on their ability to vote or take other actions with respect to such issuers, securities or instruments. In such situations, the Investment Manager may not be able to vote or take other actions with respect to such issuers, securities or instruments in the manner that it otherwise would believe to be in the best interests of the Partnership.

Non-U.S. Investments. The Funds may invest in securities of non-U.S. companies, in countries other than the United States and in securities of non-U.S. government entities. Investments outside the United States or denominated in non-U.S. currencies pose currency exchange risks as well as a range of other potential risks that could include, depending on the country involved, expropriation, confiscatory taxation, political or social instability, illiquidity, price volatility and market manipulation. Transaction costs of investing outside the United States are generally higher than in the United States. There is generally less government supervision and regulation of exchanges, brokers and issuers outside the United States than there is in the United States, and there is greater difficulty in taking appropriate legal action in non-U.S. courts. Non-U.S. markets also have different clearance and settlement procedures which in some markets have at times failed to keep pace with the volume of transactions, thereby creating substantial delays and settlement failures that could adversely affect the Funds' performances.

Other Hedging Strategies. The Funds may opt to use a variety of financial instruments such as derivatives, options, swaps, caps and floors and forward contracts, both for investment purposes and for risk management purposes. The success of the hedging strategies of the Funds are subject to the Adviser's ability to assess correctly the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. The Adviser may not be able to hedge successfully. Moreover, it should be noted that the portfolio always will be exposed to certain risks that cannot be hedged, such as certain credit risk (relating both to particular securities and counterparties with respect to which CDS protection is unavailable), "liquidity" risk and "widening" risk.

Conflicts of Interest

As a result of the different business initiatives at the Adviser and at MidOcean US Adviser, LP the Funds may be subject to certain potential or actual conflicts of interest in connection with the activities of, and investments by, the Partnership:

The MidOcean PE Funds; Investment Requirements. Certain affiliates of the General Partner and the Investment Manager currently manage the MidOcean PE Funds, which are private equity funds with over \$3.5 billion in combined commitments and which invest primarily in middle-market

companies in the United States and Europe. The MidOcean PE Funds are managed pursuant to certain requirements that govern the allocation of investment opportunities between the MidOcean PE Funds and the Partnership. The Funds will also be subject to these requirements, in that the application of these requirements may result in certain investments being allocated to the MidOcean PE Funds but not to the Partnership, or in otherwise precluding the Partnership from making one or more of such investments, or in limiting the manner in which the Partnership exercises certain rights with respect to such investments.

Differing Locations in the Capital Structure. MidOcean may cause its clients, including the Funds, to purchase different classes of debt and/or equity of the same borrower or issuer, including one or more MidOcean Portfolio Companies. These and other investments may be deemed to create conflicts of interest, particularly because MidOcean may take certain actions for some clients with respect to one class of debt or equity that may be adverse to other clients who hold other classes of debt or equity of the same borrower or issuer. In connection with the Partnership's investments in the debt or equity of one or more MidOcean Portfolio Companies, such investments may also be deemed to create conflicts of interest with respect to the Funds' need for attractive investment opportunities, on the one hand, and the MidOcean Portfolio Companies' need for attractive debt and equity financing terms, on the other hand. In all such cases, the Adviser will seek to act in a manner it believes in good faith to be equitable to all clients under the circumstances, subject to the requirements described above with respect to the MidOcean PE Funds.

Valuation. The Funds expect to hold securities and financial instruments that may not have readily available market quotes. In such instances the Adviser generally will value such securities and financial instruments in good faith at fair value based on various factors, including, without limitation, external pricing sources (if any), recent trading activity (if any) or other information aimed at a relative value assessment process that incorporates, among other factors in the General Partners' discretion, current market conditions, position size, trends and prices. Such valuations may vary from similar valuations performed by independent third parties for similar types of securities and financial instruments. Additionally, such valuations will directly correlate to the compensation paid or allocated by the Funds to the Adviser and the General Partners and may, therefore, create conflicts of interest.

Other Activities. MidOcean is currently subject to certain restrictions on its other activities under the terms of the MidOcean PE Funds. However, consistently with those restrictions, MidOcean may provide advice to other investment funds, partnerships or accounts, including vehicles that may follow investment programs substantially similar to that of the Funds. Consistent with the terms applicable to the MidOcean PE Funds, MidOcean and its principals and employees may also carry on investment activities for their own accounts and for family members and friends who do not invest in the Funds, and may give advice and recommend securities to other accounts or investment funds which may differ from advice given to, or securities recommended or bought for, the Funds even though their investment objectives may be the same or similar.

The Adviser and their members, officers and employees will devote so much of their time to the activities of the Funds as they deem necessary and appropriate. The Adviser and their respective affiliates are not restricted from forming additional investment funds, from entering into other investment Advisory relationships or from engaging in other business activities, even though such activities may be in competition with the Funds and/or may involve substantial time and resources of the Advisor.

"Soft Dollar" Payments. The brokers, dealers and other counterparties utilized by the Funds will be selected by the Adviser. In selecting brokers, dealers and counterparties that operate outside of the

safe harbor created by Section 28(e) of the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”), the Adviser may, subject to its overall duty to obtain “best execution” of Partnership transactions, pay higher commissions than those charged by brokers that do not provide such services or benefits. However, the Advisor has no soft dollar agreements in place at this time.

Cross Trades with other Investment Manager Clients or Affiliates. The Adviser may cause a Fund or Funds to purchase securities from or sell securities and investments to other clients or vehicles managed by MidOcean when the Adviser believes such transactions are appropriate and in the best interests of the Fund(s). In addition, the Investment Manager may recommend that Fund purchase or sell an investment that is being sold or purchased, respectively, at the same time by MidOcean or another investment management client.

Incentive Allocation. The Incentive Allocation may create an incentive for the Adviser to invest Partnership assets in investments that are riskier or more speculative than would be the case if the Adviser was compensated based on a flat percentage of capital. In addition, the Incentive Allocation is determined on the basis of the value of the Capital Accounts, including value attributable to unrealized appreciation. Any securities traded directly by the Funds for which market quotations are not available may be valued by or at the direction of the General Partners at such value as they may reasonably determine and may not be independently valued or verified by a third party. This may create an incentive to place the highest reasonable value on the Funds’ respective investments.

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 your evaluation of MidOcean or the integrity of MidOcean’s management. MidOcean has no information applicable to this Item.

Item 10 – Other Financial Industry Activities and Affiliations

The Adviser and/or its affiliates may provide various management and financial services to Fund portfolio companies and may receive additional compensation from these companies in connection with such services. Any such compensation will be disclosed and may be offset against future fees as required by the Partnership Agreement.

The Adviser is an affiliate of MidOcean US Advisor, LP a registered investment adviser which provides advisory services to MidOcean Partners, LP, MidOcean Partners II, LP, MidOcean Partners III, LP, MidOcean Partners III-A, LP and MidOcean Partners III-D, LP and affiliates or parallel SPVs (together, the “Private Equity Funds”) which focus on private equity investments. The Adviser is controlled by Ted Virtue. MidOcean Credit Fund Management, LP is owned by Steven Shenfeld and Ted Virtue.. As provided in the Limited Partnership Agreements of Fund I, Fund II and Fund III, such funds are entitled to certain priority allocations of investment opportunities ahead of the Credit Funds, and the advisory boards of such funds are entitled to certain consultation and approval rights with respect to certain actions relating to investments in issuers in which the Credit Funds have an interest. Nevertheless, certain conflicts of interest may arise as a result of such investments. For example, MidOcean and its affiliates may cause its clients to purchase different classes of debt and/or equity of the same borrower or issuer. These and other investments may be

deemed to create conflicts of interest, particularly because MidOcean and its affiliates may take certain actions for some clients with respect to one class of debt or equity that may be adverse to other clients who hold other classes of debt or equity of the same borrower or issuer. Such investments may also be deemed to create conflicts of interest with respect to one client's need for attractive investment opportunities, on the one hand, and the issuer's need for attractive debt and equity financing terms, on the other hand. In all such cases, MidOcean will seek to act in a manner it believes in good faith to be equitable to all clients under the circumstances, subject to the requirements described above.

In addition, Mr. Virtue also owns a minority interest in KSA Capital Management, LLC. The Adviser has entered into agreements with KSA Capital Management, LLC ("KSA") where MidOcean will provide KSA with limited infrastructure and technology and general industry information that KSA may use in making its investment decisions. MidOcean also introduces KSA to MidOcean's executives and industry contacts that KSA may access to gain insight into various businesses and industries.

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

MidOcean has adopted a Code of Ethics for all supervised persons of the firm describing its high standard of business conduct, and fiduciary duty to its clients. The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised persons at MidOcean must acknowledge the terms of the Code of Ethics annually, or as amended.

MidOcean is built upon the principles of fair dealing and ethical conduct of our employees. Our reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity. The continued success of MidOcean is dependent upon our clients' trust and we are dedicated to preserving that trust. Employees owe a duty to MidOcean, its clients and investors to act in a way that will merit the continued confidence of the public.

MidOcean will comply with all applicable laws and regulations and expects its employees and partners to conduct business in accordance with the letter, spirit and intent of all relevant laws and to refrain from any illegal, dishonest or unethical conduct. If a situation arises where it is difficult to determine the proper course of action, the matter should be discussed openly with an immediate supervisor or the Chief Operating Officer for advice and consultation.

MidOcean will provide its Code of Ethics to any client or prospective client who requests it. Requests should be sent to dhodges@midoceanpartners.com.

Through the Code of Ethics, MidOcean seeks to ensure that the personal securities transactions, activities and interests of its employees will not interfere with (i) making decisions in the interest of advisory clients or (ii) implementing such decisions while, at the same time, allowing employees to invest for their own accounts. In addition, the Code requires pre-clearance of many transactions

including any limited offerings or IPOs. Employee trading is monitored in order to reasonably detect and prevent violations.

Principals and employees of the Adviser and its affiliates may directly or indirectly own an interest in the funds advised by the Adviser, including Fund I, Fund II, Fund III. To the extent that co-investment vehicles exist, such vehicles may invest in one or more of the same portfolio companies as such funds.

The Funds may invest in similar securities or in securities of the same issuer. Allocations to specific funds are determined by the Adviser and the General Partner based upon the size of the Fund, its liquidity needs, the size of the investment opportunities and minimum investment size. Odd lot implications will also be considered. One Fund may be selling a security while another Fund continues to hold a security. In addition, certain investors may be offered the ability to co-invest with the Credit Funds on specific investments. The Adviser will determine the allocation of investment opportunities in a manner that it believes is fair and equitable to its clients consistent with the Adviser's obligations and may take into consideration factors such as the following: the Funds' liquidity needs, objectives, size (including those set forth in the relevant client's governing documents, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition and cash level and applicable regulatory restrictions.

Item 12 – Brokerage Practices

Investors in the Funds authorize the general partner to act on behalf of the Funds. The Adviser as the manager, and the general partner of the Funds will make all decisions related to the investment and divestment of the Funds' assets including the selection of the investments, the size of the investments, the banker or other advisor in such transactions or, in the case of securities that are traded, the broker or dealer to be used and the commissions to be paid, if any. The Funds may hold public and private debt, public stocks that are unrestricted, invest in a manner to further its hedging strategy or may trade on foreign exchanges or in foreign currency as necessary. On all of its trades, MidOcean will seek to get best execution for its Funds' and will seek to pay market commissions. MidOcean does not receive research or other services associated with the execution of its trades, and does not use any form of soft dollars.

Item 13 – Review of Accounts

As is standard for hedge funds, the Adviser provides its clients with monthly capital account statements and annual audited financial statements. The capital accounts provide information about the value of each investors investment in the Fund and holdings of the Funds above a certain threshold as determined by generally accepted accounting principles in the United States.

As part of its ongoing management oversight, the Adviser oversees the performance of the Funds' investments and makes buy and sell decisions based upon the Adviser's macro and micro views.

The Adviser will review the filings of its investments and confirm that the company's performance is in line with projections and budgets.

In addition, prior to an investment being made, the Adviser also confirms that any investment would be in compliance with the investment limitations set forth in the appropriate Limited Partnership Agreement.

In addition to reviewing the performance of the underlying investments, the Adviser will also reconcile its cash, positions and trade breaks on a regular basis and maintains and aged trade break report.

Item 14 – Client Referrals and Other Compensation

MidOcean has four employees who are responsible for marketing and investor relations. As such, MidOcean will determine overall compensation for these professionals based upon success in identifying potential investors.

The Advisor has engaged Barclays Bank PLC to act as a placement agent for the Credit Opportunities Fund and has entered into an agreement with FCPB FPCG, LLC d/b/aForbes Private Capital Group to place interests with identified investors in all of its strategies.

The Adviser has engaged Quartic Capital LLC and Kent Claxton to introduce the Funds to potential investors based in Europe who would invest in the Offshore Funds. Mr. Claxton will not make any introductions to US-based potential investors.

The placement agents have been vetted and the arrangement requires full disclosure to any potential limited partners in the US that the individual or firm approached.

Item 15 – Custody

MidOcean provides limited partners in its Credit Funds with audited financial statements prepared in accordance with generally accepted accounting principles within 120 days of the relevant Fund's fiscal year end. As such, MidOcean is deemed to comply with rule 206(4)-2.

In certain situations, MidOcean may elect to create a Fund for a single investor or investor family similar to the Credit Focus Fund and based upon the expectations of that investor, may elect to have the custodian provide that investor with copies of the brokerage statements and to have a surprise audit performed on the Fund.

MidOcean utilizes Deutsche Bank and JP Morgan as its prime brokers and US Bank N.A. as its custodian.

Item 16 – Investment Discretion

As discussed, the Adviser has discretionary authority to managed investments on behalf of each Fund. In general, limited partners cannot place limits on the Adviser’s authority, although the Adviser is subject to any limitations on investments set forth in the applicable Partnership Agreement. The Adviser assumes this discretionary authority pursuant to the Advisory Agreements.

Item 17 – Voting Client Securities

As required by Rule 206(4)-6 under the Advisers Act, the Adviser has adopted Proxy Voting Policies and Procedures (the “Proxy Policy”) that are reasonably designed to ensure that the Adviser votes proxies in the best interests of clients and that address how the Adviser resolves material conflicts of interest that may arise between the Adviser’s interests and the interests of the Funds. The CCO is responsible for overseeing the Adviser’s compliance with the Proxy Policy.

In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of the relevant fund’s advisory board or investor base on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. The Adviser does not consider service on portfolio company boards by Adviser personnel or the Adviser’s receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Adviser when voting proxies on behalf of a client.

If you would like a copy of the Adviser’s Proxy Policy or information regarding how the Adviser voted proxies for particular portfolio companies, please contact Denise Dickens at 212-497-1407, and the Proxy Policy and/or information will be provided to you free of charge.

Item 18 – Financial Information

MidOcean does not require the prepayment of fees more than six months in advance. In addition, MidOcean 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.

Item 19 –

MidOcean Credit Fund Management, LP

ADV Part 2B – Brochure Supplement

Senior Advisory Personnel

This Brochure Supplement provides information about the Senior Supervisory Personnel of the Advisor that supplements the MidOcean US Advisory LP Brochure. If you did not receive this Brochure, please contact Denise Dickens (212-497-1407). If you have any questions about MidOcean Credit Fund Management, LP's Brochure or this Supplement, please contact Debbie Hodges at 212-497-1402.

Additional Information about MidOcean Credit Fund Management, LP is available at the SEC website at www.adviserinfo.sec.gov.

Senior Advisory Personnel included in this Supplement include:

ADV IIB – Advisory Personnel Senior Supervisory Personnel Include:

J. Edward Virtue

Steve Shenfeld

Michael Apfel

Damion Brown

Chris Cichella

Bryan Dunn

Michael Considine

Sam Goodyear

Deborah Hodges

Andrew Kuan

Scott O'Callaghan

Jim Wiant

Item 2 – Educational Background and Business Experience

J. Edward (“Ted”) Virtue

Mr. Virtue is the Chief Executive Officer of MidOcean and has been MidOcean's CEO since 2003. Prior to his current position, from 1999 to February of 2003, Mr. Virtue was Chief Executive Officer of DB Capital Partners, the captive merchant bank of Deutsche Bank and had oversight for the bank's \$35 billion direct investment portfolio. Mr. Virtue also served on the Deutsche Bank Executive Board. Prior to Deutsche Bank's acquisition of Bankers Trust Company (“Bankers Trust”), Mr. Virtue was President of BT Alex. Brown Incorporated and Executive Vice President and Head of Global Finance at Bankers Trust. Before joining Bankers Trust, Mr. Virtue was a Senior Vice President at Drexel Burnham Lambert. Representative boards that Mr. Virtue has served on include Bushnell, Kinetics Group, Noveon, and Vitaquest International. He is also Chairman of Youth, Inc. and a member of the Boards of Trustees of Middlebury College and The Brunswick School. Mr. Virtue is a graduate of Middlebury College.

Steve Shenfeld

Mr. Shenfeld is the President of MidOcean Credit Partners, responsible for managing and overseeing its operations. Prior to joining MidOcean, Mr. Shenfeld was a General Partner and Founder of MD Sass Macquarie Financial Strategies, an asset management private equity fund for MD Sass, a \$6 billion investment management organization. Previously, Mr. Shenfeld was a General Partner with Avenue Capital Group LLC, a multi- billion dollar distressed debt and credit investment platform. He was also a Managing Director for BancBoston Robertson Stephens and Bankers Trust supervising various business units including Leveraged Finance, High Yield Capital Markets and Global Finance Sales and Trading. Mr. Shenfeld has a BA from Tufts University and an MBA from University of Michigan Business School.

Michael Apfel

Mr. Apfel joined MidOcean Credit Partners at its inception and is responsible for building and managing the credit portfolio. Mr. Apfel has over 19 years of credit-related origination, underwriting, investment and portfolio management experience. From 2005 to 2009, Mr. Apfel was a Managing Director and Senior Portfolio Manager at Deerfield Capital Management LLC, where he was responsible for building and managing a middle market portfolio comprised of senior secured and unsecured loans and securities. Previously, Mr. Apfel spent approximately 14 years within investment banking, principally

originating and executing bank loan and high yield bond transactions at Banc of America Securities, Bankers Trust and Chemical Bank. Mr. Apfel graduated from Guilford College in 1990 with a B.S. in Economics.

Michael Considine

Mr. Considine joined MidOcean Partners in 2008 and is responsible for Marketing and Investor Relations for MidOcean Partners and MidOcean Credit Partners. Prior to joining MidOcean, he was a Managing Director at StoneWater Capital from 2007 to 2008, where he headed Marketing and Investor Relations and was involved in business development and expanding distribution channels for the firm. Earlier, Mr. Considine oversaw investment banking at Hamilton Securities Group from 2002 to 2007, a boutique firm, and previously he led the investment banking group at Auerbach, Pollak & Richardson. He holds a BA in History, magna cum laude, from Columbia University and an MBA in Finance from the Columbia University Graduate School of Business.

Damion Brown

Damion Brown joined MidOcean in 2009 and is primarily responsible for managing the financial operations of MidOcean Credit Partners. Prior to his current position, Mr. Brown was the Head of Operations at Outpost Investment Group. Mr. Brown was also the Assistant Controller for JD Capital Management LP. Additionally, Mr. Brown worked as Associate Manager at GlobeOp Financial Services and worked in the business development unit of the Bank of New York's mutual fund accounting and custody group. Mr. Brown received his BS, cum laude, from Roberts Wesleyan College.

Chris Cichella

Chris Cichella joined MidOcean in 2012 and is responsible for Marketing and Investor Relations for MidOcean Partners and MidOcean Credit Partners. Prior to his current position, Mr. Cichella had opened an east coast office and led client development at Dorchester Capital Advisors LLC, an alternatives boutique based in Los Angeles. Prior to Dorchester, he had led business development in various channels for the fund of funds manager Tremont Capital Management Inc. Earlier, he focused at multi-client family offices at CSFB, Schwab Institutional and Fidelity Capital Markets. Mr. Cichella has a BA in political science and Russian studies from Duke University.

Bryan Dunn

Mr. Dunn is a Managing Director and joined MidOcean in 2010 to manage the MidOcean Absolute Return Credit Fund. Mr. Dunn has over 18 years of portfolio management experience and has actively managed several multi-billion dollar corporate credit portfolios employing various strategies including extensive long/short strategies. Prior to joining MidOcean, Mr. Dunn was a Senior Portfolio Manager at Primus Asset Management where he was responsible for launching the Primus Absolute Return Credit Fund and overseeing the investment grade businesses. Mr. Dunn has broad product experience and has been an end-user in the credit default swap market since its inception. Prior to working at Primus, Mr.

Dunn headed the Credit Portfolio Management Division at Bank of Tokyo-Mitsubishi where he was responsible for the Bank's North American proprietary credit investment portfolio. Prior to that, Mr. Dunn founded Dresdner Bank's credit asset management team and oversaw its investment portfolio. His additional experience includes portfolio management roles in CIBC's Loan Portfolio Management Group and JPMorgan's Cash Management Group. Mr. Dunn received an M.B.A. from New York University's Stern School of Business and B.A. in Economics from Ithaca College.

Sam Goodyear.

Mr. Goodyear is a Vice President at MidOcean and is responsible for generating investment ideas, monitoring portfolio investments and providing fundamental credit opinions including security analyses focused on covenant structures as well as industry and macro analyses on behalf of the Partnership. Mr. Goodyear has over 7 years of experience in the financial services industry predominantly in fixed income research. Prior to joining MidOcean, Mr. Goodyear was a Senior Analyst at CreditSights, an independent fixed income and credit research boutique. At CreditSights, Mr. Goodyear covered a wide range of crossover issuers, distressed credits, special situations as well as event driven securities across the capital structure and across industries. He has extensive experience analyzing complex capital structures, credit default swaps, bond indentures, bank credit agreements, intercreditor agreements and distressed exchanges. Mr. Goodyear was responsible for identifying new coverage opportunities at CreditSights and expanding the firm's distressed and high yield coverage across industries. Prior to CreditSights, Mr. Goodyear worked on the Institutional Investor ranked Metals, Mining, Paper & Forest Products team at Prudential Equity Group. Prior to Prudential, he worked in the Risk Management Group at AIG. He has been quoted extensively in the financial press and made several media appearances. Mr. Goodyear earned a BA in Political Science from Yale College.

Deborah Hodges

Ms. Hodges is Chief Operating Officer and a Managing Director of MidOcean, a position she has held since 2003. In addition, she is MidOcean's Chief Compliance Officer. Prior to her current position, Ms. Hodges was Chief Operating Officer of DB Capital Partners and was responsible for the day-to-day operations of Deutsche Bank's global private equity businesses. Prior to becoming COO in 2000, she was instrumental in building the DB Capital Partners fund-of-funds business and was involved in all aspects of the business. Prior to joining DB Capital, Ms. Hodges was responsible for structuring high-yield products and for conducting buy-side credit research for the Capital Management Group at Bankers Trust. Ms. Hodges also worked at Household International Inc. Ms. Hodges received her MBA from the Kellogg Graduate School of Management and her BA from Princeton University.

Andrew Kuan

Mr. Kuan joined MidOcean in 2010 as a Vice President and is responsible for identifying, executing and managing portfolio investments. Mr. Kuan has over 8 years of experience in fixed income trading and analytics. Prior to joining MidOcean, Mr. Kuan was a Senior Trader at Primus Asset Management, where he helped manage a credit investment portfolio and launch the Primus Absolute Return Credit Fund. At

Primus, Mr. Kuan was responsible for trading and market risk strategy in the proprietary and hedge fund portfolios. Mr. Kuan began working with Primus in the Quantitative Research group. In that role, Mr. Kuan selected investments for Primus' proprietary portfolios and for 3rd party asset management clients. Mr. Kuan also contributed on the risk management front by analyzing various sources of portfolio market risks including spread, interest rate and currency risk. Mr. Kuan has broad product experience working in the corporate credit markets and with various structured products. Mr. Kuan holds a B.S. in Business Administration from California Polytechnic State University, San Luis Obispo, M.S. in Financial Engineering and M.A. in Economics from Claremont Graduate University.

Scott O'Callaghan

Mr. O'Callaghan joined MidOcean Credit Partners in 2009 and is responsible for trading and helping to build and manage the portfolio on behalf of the Partnership. Mr. O'Callaghan has spent over 20 years in the leveraged credit markets in distribution and management roles. Prior to joining MidOcean Mr. O'Callaghan was the Global Head of Leveraged Credit Sales at Bank of America where he also served on the Global Credit Products management operating committee. Prior to joining Bank of America Mr. O'Callaghan held senior positions at Deutsche Bank and Bankers Trust. Mr. O'Callaghan started his career in 1986 at Manufacturers Hanover. He holds a B.A. in economics and business administration from Brown University.

Jim Wiant

Jim Wiant joined MidOcean Credit Partners at inception and is responsible for identifying, executing and managing credit investments. Prior to joining the firm, Mr. Wiant was a Senior Vice President and Portfolio Manager at Deerfield Capital Management, where he helped to build and manage Deerfield's middle market credit platform of senior secured and unsecured debt investments. Previously, Mr. Wiant was a Vice President at Golub Capital, a middle market credit investment firm. Before that, he was a mergers and acquisitions professional at Deutsche Bank and Salomon Smith Barney. He graduated magna cum laude from the Georgetown School of Business in 1996 with a B.S. in Finance and Accounting and received an MBA with honors with a concentration in Finance and Strategic Management from The Wharton School in 2002.

Disciplinary Information

None of the MidOcean Supervised personnel with significant client interaction or discretion over investment decisions have had any legal or disciplinary event in the last 10 years that is material to their integrity.

Other Business Activities of Advisory Personnel

Ted Virtue is on the Investment Committee and owns an interest in MidOcean US Advisor LP and is actively involved in the day to day decision making in the investment process of this advisor. In addition, Mr. Virtue also owns an interest in MidOcean Credit Fund Management, LP. However, the investment teams are separate between private equity and Credit are separate. The managed team employed by MidOcean Credit Fund Management, LP spends substantially all of its time managing the funds, strategies and separately managed accounts that comprise the client base of MidOcean Credit Fund Management.

Compensation

MidOcean professionals receive compensation for advisory services only through the clients/vehicles managed by MidOcean US Advisor, LP and its affiliate MidOcean Credit Fund Management, LP.

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